

ALTRIA GROUP, INC.
Form DEF 14A
April 24, 2008
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, For Use of the Commission Only(as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Under Rule 14a-12

Altria Group, Inc.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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Table of Contents

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(3) Filing Party:

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Table of Contents

ALTRIA GROUP, INC.

MICHAEL E. SZYMANCZYK
CHAIRMAN OF THE BOARD

6601 WEST BROAD STREET
RICHMOND, VIRGINIA 23230

April 24, 2008

Dear Fellow Stockholder:

It is my pleasure to invite you to join us at the 2008 Annual Meeting of Stockholders of Altria Group, Inc. to be held on Wednesday, May 28, 2008 at 9:00 a.m., at the Greater Richmond Convention Center, 403 North 3rd Street, Richmond, Virginia 23219.

At this year's meeting, we will vote on the election of eight directors, the ratification of PricewaterhouseCoopers LLP's selection as the Company's independent auditors and, if properly presented, six proposals from stockholders. There will also be a report on the Company's business, and stockholders will have an opportunity to ask questions.

We anticipate that a large number of stockholders will attend the meeting. Because seating is limited, you may bring only one immediate family member as a guest. To attend the meeting, you must present an admission ticket and government-issued photographic identification. **Please note that you must submit a request for an admission ticket. To request an admission ticket, please follow the instructions set forth on page 2 in response to question 4.**

The meeting facilities will open at 7:30 a.m. We suggest you arrive early to facilitate your registration and security clearance. Those needing special assistance at the meeting are requested to write to the Company's Corporate Secretary at 6601 West Broad Street, Richmond, Virginia 23230. For your comfort and security, you will not be permitted to bring any packages, briefcases, large pocketbooks or bags into the meeting. Also, cellular and digital phones, audio tape recorders, laptops, video and still cameras, pagers and pets will not be permitted into the meeting. We thank you in advance for your patience and cooperation with these rules. While they may seem strict to some, they assist us in conducting a safe and orderly meeting and are in everyone's interest.

Attached you will find a notice of meeting and proxy statement that contains additional information about the meeting, including the methods that you can use to vote your proxy, such as the telephone or Internet.

Your vote is important. I encourage you to sign and return your proxy card, or use telephone or Internet voting prior to the meeting, so that your shares of common stock will be represented and voted at the meeting even if you cannot attend.

Sincerely,

For further information about the Annual Meeting,

please call 1-800-367-5415

Table of Contents

ALTRIA GROUP, INC.

6601 West Broad Street

Richmond, VA 23230

**NOTICE OF 2008 ANNUAL MEETING OF
STOCKHOLDERS OF ALTRIA GROUP, INC.**

TIME: 9:00 a.m. on Wednesday, May 28, 2008

PLACE: The Greater Richmond Convention Center
403 North 3rd Street
Richmond, Virginia

ITEMS OF BUSINESS:

- 1) To elect eight directors.
- 2) To ratify the selection of PricewaterhouseCoopers LLP as independent auditors for the Company for the fiscal year ending December 31, 2008.
- 3) To vote on six stockholder proposals, if properly presented at the meeting.
- 4) To transact other business properly coming before the meeting.

WHO CAN VOTE: Stockholders of record on April 4, 2008.

2007 ANNUAL REPORT: A copy of our 2007 Annual Report is enclosed.

DATE OF MAILING: This notice and the proxy statement are first being mailed to stockholders on or about April 24, 2008.

Sean X. McKessy
Corporate Secretary

April 24, 2008

WE URGE EACH STOCKHOLDER TO PROMPTLY SIGN AND RETURN THE ENCLOSED PROXY CARD OR TO USE TELEPHONE OR INTERNET VOTING. SEE OUR QUESTION AND ANSWER SECTION FOR INFORMATION ABOUT VOTING BY TELEPHONE OR INTERNET, HOW TO REVOKE A PROXY, AND HOW TO VOTE YOUR SHARES OF COMMON STOCK IN PERSON.

PLEASE NOTE THAT YOU MUST SUBMIT A REQUEST FOR AN ADMISSION TICKET. TO OBTAIN AN ADMISSION TICKET, PLEASE FOLLOW THE INSTRUCTIONS SET FORTH ON PAGE 2 IN RESPONSE TO QUESTION 4.

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**Important Notice Regarding the Availability of Proxy Materials
For the Stockholder Meeting to be Held on May 28, 2008**

The Company's Proxy Statement and 2007 Annual Report to Shareholders are available at
<http://www.altria.com/proxy>.

Table of Contents**TABLE OF CONTENTS**

	Page
<u>Questions and Answers About the Meeting and Voting</u>	2
<u>Board of Directors</u>	6
<u>Board of Directors</u>	6
<u>Presiding Director</u>	6
<u>Communications with the Board</u>	7
<u>Committees of the Board</u>	7
<u>Election of Directors</u>	9
<u>Process for Nominating Directors</u>	9
<u>The Nominees</u>	9
<u>Compensation of Directors</u>	14
<u>Ownership of Equity Securities</u>	16
<u>Section 16(a) Beneficial Reporting Compliance</u>	17
<u>Compensation Committee Matters</u>	18
<u>Introduction</u>	18
<u>Compensation Committee Interlocks and Insider Participation</u>	18
<u>Compensation Committee Procedures</u>	18
<u>Compensation Committee Report for the Year Ended December 31, 2007</u>	20
<u>Compensation Discussion and Analysis</u>	21
<u>Summary Compensation Table</u>	39
<u>Grants of Plan-Based Awards During 2007</u>	43
<u>Outstanding Equity Awards (Altria) as of December 31, 2007</u>	44
<u>Outstanding Equity Awards (Kraft) as of December 31, 2007</u>	46
<u>Stock Option Exercises and Stock Vested (Altria) During 2007</u>	48
<u>Stock Option Exercises and Stock Vested (Kraft) During 2007</u>	49
<u>Pension Benefits</u>	50
<u>Plans Maintained by Altria</u>	52
<u>Plans Maintained by PMI</u>	55
<u>Non-Qualified Deferred Compensation</u>	58
<u>Employment Contracts, Termination of Employment and Change of Control Arrangements</u>	59
<u>Audit Committee Matters</u>	62
<u>Audit Committee Report for the Year Ended December 31, 2007</u>	62
<u>Independent Auditors Fees</u>	63
<u>Pre-Approval Policy</u>	63
<u>Ratification of the Selection of Independent Auditors</u>	64
<u>Stockholder Proposals</u>	65
<u>Related Person Transactions and Code of Conduct</u>	75
<u>Policies and Procedures</u>	75
<u>Availability of Form 10-K and Annual Report to Stockholders</u>	76
<u>Other Matters</u>	76
<u>2009 Annual Meeting</u>	76

Table of Contents

ALTRIA GROUP, INC.
6601 WEST BROAD STREET
RICHMOND, VIRGINIA 23230

April 24, 2008

PROXY STATEMENT
FOR ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 28, 2008

Our Board of Directors is furnishing you with this proxy statement to solicit proxies on its behalf to be voted at the 2008 Annual Meeting of Stockholders of Altria Group, Inc. (the Company) at 9:00 a.m., at the Greater Richmond Convention Center, 403 North 3rd Street, Richmond, Virginia. The proxies also may be voted at any adjournments or postponements of the meeting.

We are first sending the proxy materials to stockholders on or about April 24, 2008.

All properly executed written proxies, and all properly completed proxies submitted by telephone or by the Internet, that are delivered pursuant to this solicitation will be voted at the meeting in accordance with the directions given in the proxy, unless the proxy is revoked before the meeting.

Only stockholders of record of shares of common stock at the close of business on April 4, 2008 are entitled to notice of and to vote at the meeting, or at adjournments or postponements of the meeting. Each stockholder of record on the record date is entitled to one vote for each share of common stock held. On April 4, 2008, there were 2,099,732,751 shares of common stock issued and outstanding.

Table of Contents

**QUESTIONS AND ANSWERS ABOUT
THE MEETING AND VOTING**

1. WHAT IS A PROXY?

It is your legal designation of another person to vote the stock you own. That other person is called a proxy. If you designate someone as your proxy in a written document, that document also is called a proxy or a proxy card. Michael E. Szymanczyk and Denise F. Keane have been designated as proxies for the 2008 Annual Meeting of Stockholders.

2. WHAT IS THE RECORD DATE AND WHAT DOES IT MEAN?

The record date for the 2008 Annual Meeting of Stockholders is April 4, 2008. The record date is established by the Board of Directors as required by Virginia law. Stockholders of record (registered stockholders and street name holders) at the close of business on the record date are entitled to:

- (a) receive notice of the meeting; and
- (b) vote at the meeting and any adjournments or postponements of the meeting.

3. WHAT IS THE DIFFERENCE BETWEEN A REGISTERED STOCKHOLDER AND A STOCKHOLDER WHO HOLDS STOCK IN STREET NAME?

If your shares of stock are registered in your name on the books and records of our transfer agent, you are a registered stockholder.

If your shares of stock are held for you in the name of your broker or bank, your shares are held in street name. The answer to Question 15 describes brokers' discretionary voting authority and when your bank or broker is permitted to vote your shares of stock without instructions from you.

4. HOW DO I OBTAIN ADMISSION TO THE MEETING?

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To obtain admission to the meeting, you must request an admission ticket. Because seating is limited, you may bring only one immediate family member as a guest. In addition, all meeting attendees must present government-issued photographic identification at the meeting. Please submit your request for an admission ticket by Monday, May 12, 2008, by mailing or faxing a request to the Company's Corporate Secretary at 6601 West Broad Street, Richmond, Virginia 23230, facsimile: 1-800-352-6172 (from within the United States) or 1-914-272-0985 (from outside the United States). Please include the following information:

- your name and mailing address;
- whether you need special assistance at the meeting;
- the name of your immediate family member, if one will accompany you; and
- if your shares are held for you in the name of your broker or bank, evidence of your stock ownership (such as a letter from your broker or bank or a photocopy of a current brokerage or other account statement) as of April 4, 2008.

5. WHAT ARE THE DIFFERENT METHODS THAT I CAN USE TO VOTE MY SHARES OF COMMON STOCK?

(a) *In Writing:* All stockholders of record can vote by mailing their completed and signed proxy card (in the case of registered stockholders) or their completed and signed vote instruction form (in the case of street name holders).

Table of Contents

(b) *By Telephone and Internet Proxy:* All registered stockholders of record also can vote their shares of common stock by touchtone telephone from the United States and Canada, using the toll-free telephone number on the proxy card, or by the Internet, using the procedures and instructions described on the proxy card and other enclosures. Street name holders of record may vote by telephone or the Internet if their banks or brokers make those methods available. If that is the case, each bank or broker will enclose instructions with the proxy statement. The telephone and Internet voting procedures, including the use of control numbers, are designed to authenticate stockholders' identities, to allow stockholders to vote their shares, and to confirm that their instructions have been properly recorded.

(c) *In Person:* All stockholders may vote in person at the meeting (unless they are street name holders without a legal proxy).

6. HOW CAN I REVOKE A PROXY?

You can revoke a proxy prior to the completion of voting at the meeting by:

(a) giving written notice to the Corporate Secretary of the Company;

(b) delivering a later-dated proxy; or

(c) voting in person at the meeting.

7. ARE VOTES CONFIDENTIAL? WHO COUNTS THE VOTES?

We will continue our long-standing practice of holding the votes of each stockholder in confidence from directors, officers and employees except: (a) as necessary to meet applicable legal requirements and to assert or defend claims for or against the Company, (b) in case of a contested proxy solicitation, (c) if a stockholder makes a written comment on the proxy card or otherwise communicates his or her vote to management, or (d) to allow the independent inspectors of election to certify the results of the vote. We will also continue, as we have for many years, to retain an independent tabulator to receive and tabulate the proxies and independent inspectors of election to certify the results.

8. WHAT ARE THE VOTING CHOICES WHEN VOTING ON DIRECTOR NOMINEES, AND WHAT VOTE IS NEEDED TO ELECT DIRECTORS?

When voting on the election of director nominees to serve until the 2009 Annual Meeting of Stockholders, stockholders may:

- (a) vote in favor of a nominee;
- (b) vote against a nominee; or
- (c) abstain from voting on a nominee.

Directors will be elected by a majority of the votes cast. A majority of the votes cast means that a number of votes FOR a director nominee must exceed the number of votes AGAINST that nominee. Any director who receives a greater number of votes AGAINST his or her election than votes FOR such election shall offer to tender his or her resignation to the Board. The Nominating, Corporate Governance and Social Responsibility Committee shall consider the offer and recommend to the Board whether to accept or reject the offer. The full Board will consider all factors it deems relevant to the best interests of the Company, make a determination and publicly disclose its decision and rationale within 90 days after confirmation of the election results.

The Board recommends a vote FOR all of the nominees.

Table of Contents

9. WHAT ARE THE VOTING CHOICES WHEN VOTING ON THE RATIFICATION OF THE SELECTION OF PRICEWATERHOUSECOOPERS LLP, AND WHAT VOTE IS NEEDED TO RATIFY THEIR SELECTION?

When voting on the ratification of the selection of PricewaterhouseCoopers LLP as independent auditors for the Company, stockholders may:

- (a) vote in favor of the ratification;
- (b) vote against the ratification; or
- (c) abstain from voting on the ratification.

The selection of the independent auditors will be ratified if the votes cast FOR exceed the votes cast AGAINST.

The Board recommends a vote FOR this proposal.

10. WHAT ARE THE VOTING CHOICES WHEN VOTING ON EACH STOCKHOLDER PROPOSAL PROPERLY PRESENTED AT THE MEETING AND WHAT VOTE IS NEEDED TO APPROVE ANY OF THESE STOCKHOLDER PROPOSALS?

A separate vote will be held on each stockholder proposal that is properly presented at the meeting. When voting on each of the stockholder proposals, stockholders may:

- (a) vote in favor of the proposal;
- (b) vote against the proposal; or
- (c) abstain from voting on the proposal.

A stockholder proposal will be approved if the votes cast FOR the proposal exceed the votes cast AGAINST.

The Board recommends a vote AGAINST each of the shareholder proposals.

11. WHAT IF A STOCKHOLDER DOES NOT SPECIFY A CHOICE FOR A MATTER WHEN RETURNING A PROXY?

Stockholders should specify their choice for each matter on the enclosed proxy. If no specific instructions are given, proxies that are signed and returned will be voted FOR the election of all director nominees, FOR the proposal to ratify the selection of PricewaterhouseCoopers LLP and AGAINST each of the stockholder proposals.

12. WHO IS ENTITLED TO VOTE?

You may vote if you owned stock as of the close of business on April 4, 2008. Each share of common stock is entitled to one vote. As of April 4, 2008, we had 2,099,732,751 shares of common stock outstanding.

13. HOW DO I VOTE IF I PARTICIPATE IN THE DIVIDEND REINVESTMENT PLAN?

The proxy card you have received includes your dividend reinvestment plan shares. You may vote your shares through the Internet, by telephone or by mail, all as described on the enclosed proxy card.

Table of Contents

14. WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY CARD?

It means that you have multiple accounts with brokers and/or our transfer agent. Please vote all of these shares. We recommend that you contact your broker and/or our transfer agent to consolidate as many accounts as possible under the same name and address. Our transfer agent is Computershare Trust Company, N.A., P.O. Box 43078, Providence, RI 02940-3078 or you can reach Computershare at 1-800-442-0077 (from within the United States or Canada) or 1-781-575-3572 (from outside the United States or Canada).

15. WILL MY SHARES BE VOTED IF I DO NOT PROVIDE MY PROXY?

Your shares may be voted if they are held in the name of a brokerage firm, even if you do not provide the brokerage firm with voting instructions. Brokerage firms have the authority under New York Stock Exchange rules to vote shares for which their customers do not provide voting instructions on certain routine matters.

The ratification of the selection of PricewaterhouseCoopers LLP as independent auditors of the Company is considered a routine matter for which brokerage firms may vote unvoted shares. The other proposals to be voted on at our meeting are not considered routine under New York Stock Exchange rules. When a proposal is not a routine matter and the brokerage firm has not received voting instructions from the beneficial owner of the shares with respect to that proposal, the brokerage firm cannot vote the shares on that proposal. This is called a broker non-vote.

16. ARE ABSTENTIONS AND BROKER NON-VOTES COUNTED?

Abstentions and broker non-votes will not be included in vote totals and will not affect the outcome of the vote.

17. MAY STOCKHOLDERS ASK QUESTIONS AT THE MEETING?

Yes. The Chairman will answer stockholders questions of general interest during a designated portion of the meeting. In order to provide an opportunity for everyone who wishes to speak, stockholders will be limited to two (2) minutes. Stockholders may speak a second time only after all others who wish to speak have had their turn. When speaking, stockholders must direct questions and comments to the Chairman and confine their remarks to matters that relate directly to the business of the meeting.

18. HOW MANY VOTES MUST BE PRESENT TO HOLD THE MEETING?

Your shares are counted as present at the meeting if you attend the meeting and vote in person or if you properly return a proxy by Internet, telephone or mail. In order for us to conduct our meeting, a majority of our outstanding shares of common stock as of

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April 4, 2008, must be present in person or by proxy at the meeting. This is referred to as a quorum. Abstentions and shares of record held by a broker or its nominee (Broker Shares) that are voted on any matter are included in determining the number of votes present. Broker Shares that are not voted on any matter will not be included in determining whether a quorum is present.

Table of Contents

BOARD OF DIRECTORS

Board of Directors

The primary responsibility of the Board of Directors (the Board) is to foster the long-term success of the Company, consistent with its fiduciary duty to the stockholders. The Board has responsibility for establishing broad corporate policies, setting strategic direction, and overseeing management, which is responsible for the day-to-day operations of the Company. In fulfilling this role, each director must exercise his or her good faith business judgment of the best interests of the Company.

The Board holds regular meetings typically during the months of January, February, April, May, August, October and December, and special meetings are held when necessary. The organizational meeting follows immediately after the Annual Meeting of Stockholders. One of the meetings is held at an offsite location for several days each year to review the Company's strategic plan. The Board held seven meetings in 2007. The Board meets in executive session at every Board meeting. Directors are expected to attend Board meetings, the Annual Meeting of Stockholders and meetings of the Committees on which they serve, with the understanding that on occasion a director may be unable to attend a meeting. During 2007, all nominees for director who served in 2007 attended at least 75% of the aggregate number of meetings of the Board and all Committees on which they served. In addition, all directors who served in 2007 attended the 2007 Annual Meeting of Stockholders.

The Board has adopted Corporate Governance Guidelines. In addition, the Company has adopted the Altria Code of Conduct for Compliance and Integrity, which applies to all of its employees, including its principal executive officer, principal financial officer, principal accounting officer or controller, and persons performing similar functions, as well as a code of business conduct and ethics that applies to the members of the Company's Board. The Board has also adopted a policy with regard to reviewing certain transactions in which the Company is a participant and an officer, director or nominee for director has, had or may have a direct or indirect material interest. All of these documents are available free of charge on the Company's website, www.altria.com/governance, and will be provided free of charge to any stockholders requesting a copy by writing to: Corporate Secretary, Altria Group, Inc., 6601 West Broad Street, Richmond, Virginia 23230.

The information on the Company's website is not, and shall not be deemed to be, a part of this proxy statement or incorporated into any other filings the Company makes with the Securities and Exchange Commission.

Presiding Director

The non-management directors annually elect one independent director to be the Presiding Director. The Presiding Director's responsibilities are to:

- Preside over executive sessions of the non-management directors and at all meetings at which the Chairman is not present;
- Call meetings of the non-management directors as he or she deems necessary;
- Serve as liaison between the Chairman and the non-management directors;

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Develop and coordinate agendas and schedules for Board meetings with the Chairman;

Advise the Chairman of the Board's informational needs;

Together with the Chairman of the Compensation Committee, communicate goals and objectives to the Chairman and Chief Executive Officer and the results of the evaluation of his performance; and

Be available for consultation and communication if requested by major stockholders.

Table of Contents

The Presiding Director is invited to attend all meetings of Committees of the Board of which he or she is not a member.

Robert E. R. Huntley currently serves as the Presiding Director.

Communications with the Board

Stockholders and other interested parties who wish to communicate with the Board may do so by writing to the Presiding Director, Board of Directors of Altria Group, Inc., 6601 West Broad Street, Richmond, Virginia 23230. The non-management directors have established procedures for the handling of communications from stockholders and other interested parties and directed the Corporate Secretary to act as their agent in processing any communications received. All communications that relate to matters that are within the scope of the responsibilities of the Board and its Committees are to be forwarded to the Presiding Director. Communications that relate to matters that are within the responsibility of one of the Board Committees are also to be forwarded to the Chair of the appropriate Committee. Communications that relate to ordinary business matters that are not within the scope of the Board's responsibilities, such as customer complaints, are to be sent to the appropriate subsidiary. Solicitations, junk mail and obviously frivolous or inappropriate communications are not to be forwarded, but will be made available to any non-management director who wishes to review them.

Committees of the Board

The Board has established various separately-designated standing committees of the Board to assist it with the performance of its responsibilities. These Committees and their members are listed below. The Board designates the members of these Committees and the Committee Chairs annually at its organizational meeting following the Annual Meeting of Stockholders, based on the recommendations of the Nominating, Corporate Governance and Social Responsibility Committee. The Board has adopted written charters for each of these Committees and these charters are available on the Company's website at www.altria.com/governance. The Chair of each Committee develops the agenda for that Committee and determines the frequency and length of Committee meetings.

The **Audit Committee** consists entirely of non-management directors all of whom the Board has determined are independent within the meaning of the listing standards of the New York Stock Exchange and Rule 10A-3 of the Securities Exchange Act of 1934, as amended. Its responsibilities are set forth in the Audit Committee Charter, which is available on the Company's website at www.altria.com/governance. The Committee was established pursuant to Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The Committee's responsibility is to assist the Board in its oversight of (i) the Company's financial statements and financial reporting processes and systems of internal control, (ii) the qualifications, independence and performance of the Company's independent auditors, (iii) the internal audit function and (iv) the Company's compliance with legal and regulatory requirements. The Committee is also responsible for preparing the Audit Committee Report that the rules of the Securities and Exchange Commission require the Company to include in the proxy statements. The Committee met nine times in 2007. During 2007, the members of the Committee were Lucio A. Noto (Chair); Elizabeth E. Bailey; J. Dudley Fishburn; Robert E. R. Huntley; George Muñoz; John S. Reed; and Stephen M. Wolf. The current members of the Committee are: George Muñoz (Chair); Elizabeth E. Bailey; Thomas F. Farrell II; Robert E. R. Huntley; and Thomas W. Jones. See pages 62 to 63 for further matters related to the Audit Committee, including its Report for the year 2007.

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The Board has determined that all members of the Audit Committee are financially literate and that George Muñoz and at least one other member of the Committee are audit committee financial experts within the meaning set forth in the regulations of the Securities and Exchange Commission. No member of the Audit Committee received any payments in 2007 from Altria Group, Inc. or its subsidiaries other than compensation received as a director of Altria Group, Inc.

Table of Contents

The **Compensation Committee** consists entirely of non-management directors all of whom the Board has determined are independent within the meaning of the listing standards of the New York Stock Exchange. Its responsibilities are set forth in the Compensation Committee Charter, which is available on the Company's website at www.altria.com/governance. The Committee discharges the Board's responsibilities relating to executive compensation, produces an annual Compensation Committee report to be included in the Company's proxy statement and reviews the succession plans for the chief executive officer and other senior executives. In addition, the Committee reviews and makes recommendations regarding compensation disclosures to be provided in the Company's Securities and Exchange Commission filings, including the Compensation Discussion and Analysis and narrative descriptions in the Committee's disclosure of its procedures in determining executive compensation. This Committee met six times in 2007. During 2007, the members of the Committee were: John S. Reed (Chair); Elizabeth E. Bailey; Harold Brown; J. Dudley Fishburn; Robert E. R. Huntley; Lucio A. Noto; and Stephen M. Wolf. The current members of the Committee are: Robert E. R. Huntley (Chair); Elizabeth E. Bailey; Gerald L. Baliles; Thomas F. Farrell II; and Thomas W. Jones. See pages 18 through 20 for further matters related to the Compensation Committee, including a discussion of its procedures and its report on the Compensation Discussion and Analysis appearing on pages 21 through 61.

The **Executive Committee** has the responsibilities set forth in the Executive Committee Charter, which is available on the Company's website at www.altria.com/governance. The Committee has authority to act for the Board during intervals between Board meetings to the extent permitted by law. This Committee did not meet in 2007. During 2007, the members of the Committee were: Louis C. Camilleri (Chair); Elizabeth E. Bailey; Mathis Cabiallavetta; Robert E. R. Huntley; Lucio A. Noto; John S. Reed; and Stephen M. Wolf. The current members of the Committee are: Michael E. Szymanczyk (Chair); Elizabeth E. Bailey; Robert E. R. Huntley; Thomas W. Jones; and George Muñoz.

The **Finance Committee** has the responsibilities set forth in the Finance Committee Charter, which is available on the Company's website at www.altria.com/governance. The Committee monitors the Company's financial condition, oversees the sources and uses of cash flow and the investment of certain employee benefit plan assets and advises the Board with respect to financing needs, dividend policy, share repurchase programs and other financial matters. This Committee met four times in 2007. During 2007, the members of the Committee were: Mathis Cabiallavetta (Chair); Harold Brown; Louis C. Camilleri; J. Dudley Fishburn; Robert E. R. Huntley; Thomas W. Jones; Lucio A. Noto; and John S. Reed. The current members of the Committee are: Thomas W. Jones (Chair); Elizabeth E. Bailey; Gerald L. Baliles; Dinyar S. Devitre; Robert E. R. Huntley; and George Muñoz.

The **Nominating, Corporate Governance and Social Responsibility Committee** consists entirely of non-management directors all of whom the Board has determined are independent within the meaning of the listing standards of the New York Stock Exchange. This Committee has the responsibilities set forth in the Nominating, Corporate Governance and Social Responsibility Committee Charter, which is available on the Company's website at www.altria.com/governance. The Committee identifies individuals qualified to become Board members consistent with the criteria approved by the Board and recommends a slate of nominees for election at each annual meeting of stockholders; makes recommendations to the Board concerning the appropriate size, function, needs and composition of the Board and its committees; advises the Board on corporate governance matters, including developing and recommending to the Board the Company's corporate governance principles; oversees the self-evaluation process of the Board and its committees; and provides oversight of the Company's public affairs, corporate reputation and societal alignment strategies. This Committee met four times in 2007. During 2007, the members of the Committee were: Stephen M. Wolf (Chair); Elizabeth E. Bailey; J. Dudley Fishburn; Thomas W. Jones; and John S. Reed. The current members of the Committee are: Elizabeth E. Bailey (Chair); Gerald L. Baliles; Thomas F. Farrell II; Robert E. R. Huntley; and George Muñoz. See page 9 for a description of the process the Nominating, Corporate Governance and Social Responsibility Committee follows in nominating directors.

Table of Contents

ELECTION OF DIRECTORS

Process for Nominating Directors

The Nominating, Corporate Governance and Social Responsibility Committee is responsible for identifying and evaluating nominees for director and for recommending to the Board a slate of nominees for election at the Annual Meeting of Stockholders.

In evaluating the suitability of individuals for Board membership, the Committee takes into account many factors, including whether the individual meets requirements for independence; the individual's general understanding of the various disciplines relevant to the success of a large publicly-traded company in today's global business environment; the individual's understanding of the Company's businesses and markets; the individual's professional expertise and educational background; and other factors that promote diversity of views and experience. The Committee evaluates each individual in the context of the Board as a whole, with the objective of recommending a group of directors that can best perpetuate the success of the business and represent stockholder interests through the exercise of sound judgment, using its diversity of experience. In determining whether to recommend a director for re-election, the Committee also considers the director's past attendance at meetings and participation in and contributions to the activities of the Board. The Committee has not established any specific minimum qualification standards for nominees to the Board, although from time to time the Committee may identify certain skills or attributes (e.g., financial experience, global business experience) as being particularly desirable to help meet specific Board needs that have arisen. The Committee does not distinguish between nominees recommended by stockholders and other nominees.

In identifying potential candidates for Board membership, the Committee relies on suggestions and recommendations from the Board, stockholders, management and others. From time to time, the Committee also retains search firms to assist it in identifying potential candidates for director, gathering information about the background and experience of such candidates and acting as an intermediary with such candidates. Stockholders wishing to suggest candidates to the Committee for consideration as directors must submit a written notice to the Corporate Secretary, who will provide it to the Committee. The Company's By-Laws set forth the procedures a stockholder must follow to nominate directors. These procedures are summarized in this proxy statement under the caption "2009 Annual Meeting."

The Nominees

It is proposed that eight directors, six of whom are independent directors, be elected to hold office until the next Annual Meeting of Stockholders and until their successors have been elected. The Nominating, Corporate Governance and Social Responsibility Committee has recommended to the Board, and the Board has approved, the persons named and, unless otherwise marked, a proxy will be voted for such persons. Each of the nominees currently serves as a director and, with the exception of Messrs. Szymanczyk, Baliles, Devitre and Farrell, was elected by the stockholders at the 2007 Annual Meeting. The new nominees were identified and proposed as candidates for service on the Board by the Nominating, Corporate Governance and Social Responsibility Committee.

Independence of Nominees

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The Board has determined that each of the following nominees for director is independent in that such nominee has no material relationship with the Company: Elizabeth E. Bailey, Gerald L. Baliles, Thomas F. Farrell II, Robert E. R. Huntley, Thomas W. Jones, and George Muñoz. To assist it in making these determinations, the Board has adopted categorical standards of director independence that are set forth in Annex A to the Corporate Governance Guidelines, which is available on the Company's website at www.altria.com/governance. Each of the above-named nominees qualifies as independent under these standards. In making its affirmative determination that these directors are independent, the

Table of Contents

Nominating, Corporate Governance and Social Responsibility Committee considered the fact that Mr. Farrell and immediate family members (as defined in the Policy on Related Persons Transactions, which is available on the Company's website at www.altria.com/governance) of Ms. Bailey and Mr. Baliles are employed by entities with which the Company or its subsidiaries do business in the ordinary course on terms comparable to those provided to unrelated third parties and that neither Mr. Farrell nor any immediate family member is involved in or directly benefits from such business. The Committee determined that none of these transactions created a direct or indirect material benefit to the directors.

Although it is not anticipated that any of the persons named below will be unable or unwilling to stand for election, a proxy, in the event of such an occurrence, may be voted for a substitute designated by the Board. However, in lieu of designating a substitute, the Board may amend the Company's By-Laws to reduce the number of directors.

<p>Elizabeth E. Bailey</p> <p>John C. Hower Professor of Business and Public Policy, The Wharton School of the University of Pennsylvania, Philadelphia, PA</p> <p>Director since 1989</p> <p>Age: 69</p>	<p>Dr. Bailey assumed her present position in July 1991, having served from July 1990 to June 1991 as a professor of industrial administration at Carnegie-Mellon University and as a visiting scholar at the Yale School of Organization and Management. From 1983 to 1990, she was Dean of the Graduate School of Industrial Administration of Carnegie-Mellon University. Dr. Bailey serves as a director of Teachers Insurance and Annuity Association and CSX Corporation, and as a trustee of The Brookings Institution and the National Bureau of Economic Research. Dr. Bailey is Chair of the Nominating, Corporate Governance and Social Responsibility Committee and a member of the Audit, Compensation, Executive, and Finance Committees.</p>
<p>Gerald L. Baliles</p> <p>Director, Miller Center of Public Affairs at the University of Virginia, Charlottesville, Virginia</p> <p>Director since 2008</p> <p>Age: 67</p>	<p>Mr. Baliles is the director of the Miller Center of Public Affairs at the University of Virginia, a leading public policy institution; he has held this position since April 2006. From 1990 to April 2006, he served as a partner in the firm of Hunton & Williams LLP, headquartered in Richmond, Virginia. From 1986 through 1990, Mr. Baliles served as the 65th Governor of the Commonwealth of Virginia. Mr. Baliles serves on the boards of the Norfolk Southern Corporation and the Shenandoah Life Insurance Company, and has served on the boards of the Greater Richmond World Affairs Council, the Greater Richmond Transportation Advocacy Board, and the Richmond Symphony Council. Mr. Baliles is a member of the Compensation, Finance and Nominating, Corporate Governance and Social Responsibility Committees.</p>

Table of Contents

<p>Dinyar S. Devitre</p> <p>Retired Senior Vice President and Chief Financial Officer,</p> <p>Altria Group, Inc.,</p> <p>New York, NY</p> <p>Director since 2008</p> <p>Age: 61</p>	<p>Mr. Devitre retired from his position as Senior Vice President and Chief Financial Officer of Altria Group, Inc. in March 2008. Prior to Mr. Devitre's appointment to this position in April 2002, he held a number of senior management positions with the Company. He is a director of Western Union Company, SAB Miller plc and a Trustee of the Lincoln Center Inc., the Asia Society and the Brooklyn Academy of Music. Mr. Devitre is a member of the Finance Committee.</p>
<p>Thomas F. Farrell II</p> <p>Chairman, President and Chief Executive Officer,</p> <p>Dominion Resources, Inc.,</p> <p>Richmond, VA</p> <p>Director since 2008</p> <p>Age: 53</p>	<p>Mr. Farrell is the Chairman, President and Chief Executive Officer of Dominion Resources, Inc., one of the nation's largest producers of energy. He became President and Chief Executive Officer of Dominion effective January 1, 2006; he was elected Chairman in April 2007. From January 1, 2004 through December 31, 2006, he served as President and Chief Operating Officer of Dominion Resources, Inc. and prior to that as Executive Vice President. He is Chairman of the Board and Chief Executive Officer of Virginia Electric and Power Company and Chairman, President and Chief Executive Officer of CNG, both wholly-owned subsidiaries of Dominion. He is also a director of the Institute of Nuclear Power Operations (INPO). Mr. Farrell is a member of the Audit, Compensation and Nominating, Corporate Governance and Social Responsibility Committees.</p>
<p>Robert E. R. Huntley</p> <p>Retired lawyer, educator and businessman</p> <p>Director since 1976</p> <p>Age: 78</p>	<p>Mr. Huntley retired as counsel to the law firm of Hunton & Williams LLP in December 1995, a position he had held since December 1988. Previously, Mr. Huntley had served as Chairman, President and Chief Executive Officer of Best Products Co., Inc., Professor of Law at Washington and Lee School of Law and President of Washington and Lee University. He is the Presiding Director, Chair of the Compensation Committee, and a member of the Audit, Executive, Finance and Nominating, Corporate Governance and Social Responsibility Committees.</p>

Table of Contents

<p>Thomas W. Jones</p> <p>Senior Partner,</p> <p>TWJ Capital LLC,</p> <p>Stamford, CT</p> <p>Director since 2002</p> <p>Age: 58</p>	<p>Mr. Jones assumed his position as Senior Partner of TWJ Capital LLC, an investment company, in May 2005. From August 1999 to October 2004, he held the position of Chairman and Chief Executive Officer of Global Investment Management with Citigroup Inc. He joined Travelers Group as Vice Chairman in 1997 and served as Chairman and Chief Executive Officer of Smith Barney Asset Management until August 1999. Prior to joining Travelers Group, Mr. Jones served as Vice Chairman of TIAA-CREF, the largest pension system in the United States, from 1993 to 1997. Mr. Jones currently serves as a director of the following privately held companies: Game Trust, Kool Span, Inc., and Floor and Décor Outlets of America. He is also a trustee emeritus of Cornell University. Mr. Jones is Chair of the Finance Committee and a member of the Audit, Compensation and Executive Committees.</p>
<p>George Muñoz</p> <p>Principal, Muñoz Investment Banking Group, LLC,</p> <p>Washington, DC</p> <p>Partner,</p> <p>Tobin, Petkus & Muñoz,</p> <p>Chicago, IL</p> <p>Director since 2004</p> <p>Age: 56</p>	<p>Mr. Muñoz is a principal of the Washington, D.C.-based firm of Muñoz Investment Banking Group, LLC. He is also a partner in the Chicago-based law firm of Tobin, Petkus & Muñoz. He served as President and Chief Executive Officer of the Overseas Private Investment Corporation from 1997 to January 2001. From 1993 to 1997, Mr. Muñoz was Chief Financial Officer and Assistant Secretary of the United States Treasury Department. He is a member of the Board of Directors of Marriott International, Inc., and Anixter International, Inc. He also serves on the Board of Trustees of the National Geographic Society. Mr. Muñoz is Chair of the Audit Committee and a member of the Nominating, Corporate Governance and Social Responsibility, Executive and Finance Committees.</p>

Table of Contents

Michael E. Szymanczyk	Mr. Szymanczyk was appointed Chairman and Chief Executive Officer of Altria Group, Inc. in March 2008. He is also Chairman, President and Chief Executive Officer of Philip Morris USA, positions he has held since August 2002. He serves on the board of trustees of the Virginia Foundation for Independent Colleges, the University of Richmond, the Virginia Commonwealth University School of Engineering Foundation, the United Negro College Fund and the Richmond Performing Arts Center. Mr. Szymanczyk is Chair of the Executive Committee.
Chairman and Chief Executive Officer	
Altria Group, Inc., Richmond, VA	
Chairman, President and Chief Executive Officer	
Philip Morris USA, Richmond, VA	
Director since 2008	
Age: 59	

Table of Contents**Compensation of Directors**

Directors who are full-time employees of the Company receive no additional compensation for services as a director. With respect to non-employee directors, the Company's philosophy is to provide competitive compensation and benefits necessary to attract and retain high-quality non-employee directors. The Board believes that a substantial portion of director compensation should consist of equity-based compensation to assist in aligning directors' interests with the interests of stockholders.

The Nominating, Corporate Governance and Social Responsibility Committee periodically reviews director compensation taking into account the Company's compensation survey group (described below), considers the appropriateness of the form and amount of director compensation and makes recommendations to the Board concerning such compensation with a view toward attracting and retaining qualified directors. Based on the latest available data, total compensation for the Company's non-employee directors ranked within the third quartile (i.e., between the 50th percentile and the 75th percentile) of the Company's Compensation Survey Group.

During 2007, non-employee directors received an annual cash retainer of \$40,000 and fees of \$2,000 for each Board and Committee meeting attended (\$2,500 for committee chairs). Non-employee director committee chairs received annual retainers of \$10,000 for additional services rendered in connection with committee chair responsibilities.

Pursuant to the 2005 Stock Compensation Plan for Non-Employee Directors, approved by stockholders at the 2005 Annual Meeting on April 28, 2005, each non-employee director received an annual share award on April 26, 2007 of that number of shares of common stock having an aggregate fair market value of \$120,000 on the date of grant (1,715 shares of common stock with a fair market value of \$70.01 per share).

The following table presents the compensation received by the non-employee directors for fiscal year 2007.

NON-EMPLOYEE DIRECTOR COMPENSATION TABLE

<u>Name</u>	<u>Fees Earned or Paid in Cash (\$)</u>	<u>Stock Awards (\$)(1)(2)</u>	<u>Total</u>
Elizabeth E. Bailey	\$ 118,524.00	\$ 120,000.00	\$ 238,524.00
Harold Brown	91,024.00	120,000.00	211,024.00
Mathis Cabiallavetta	87,000.00	120,000.00	207,000.00
J. Dudley Fishburn	105,014.00	120,000.00	225,014.00
Robert E. R. Huntley	109,024.00	120,000.00	229,024.00
Thomas W. Jones	83,002.00	120,000.00	203,002.00
George Muñoz	99,000.00	120,000.00	219,000.00
Lucio A. Noto	117,500.00	120,000.00	237,500.00
John S. Reed	111,024.00	120,000.00	231,024.00
Stephen M. Wolf	123,024.00	120,000.00	243,024.00

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- (1) Pursuant to the 2005 Stock Compensation Plan for Non-Employee Directors, on April 26, 2007, each non-employee director received 1,715 shares of Common Stock with an aggregate fair market value of \$120,000. The fair market value of the shares of \$70.01 per share was based on the average of the high and low price of Altria Group, Inc. Common Stock on April 26, 2007. In addition, each director was paid dividends totaling \$2,469.60 on this award during 2007.

Table of Contents

- (2) Options were awarded to directors in 2000, 2001 and 2002. No options have been awarded to directors since 2002. As of December 31, 2007, option awards were outstanding for the following directors in the following aggregate amounts: Dr. Bailey, 14,334; Dr. Brown, 14,334; Mr. Fishburn, 4,695; Mr. Huntley, 14,334; Mr. Jones, 2,295; Mr. Reed, 14,334; and Mr. Wolf, 14,334.

A non-employee director may elect to defer the award of shares of common stock, meeting fees and all or part of the annual retainer. Deferred fee amounts are credited to an unfunded account and may be invested in eight investment choices, including an Altria common stock equivalent account. These investment choices parallel the investment options offered to employees under the Altria Group, Inc. Deferred Profit-Sharing Plan and determine the earnings that are credited for bookkeeping purposes to a non-employee director's account. Subject to certain restrictions, a non-employee director is permitted to take cash distributions, in whole or in part, from his or her account either prior to or following termination of service.

Non-employee directors also are covered by business travel and accident insurance, which the Company maintains for their benefit when they travel on Company business, as well as group life insurance.

In February 2008, the Board of Directors approved the following recommendation of the Nominating, Corporate Governance and Social Responsibility Committee with respect to director compensation following the spin-off of Philip Morris International Inc. (PMI):

\$100,000 annual cash retainer;

\$20,000 annual cash retainer for the Presiding Director and the Chairs of the Audit and Compensation Committees;

\$10,000 retainer for Chairs of the Finance and Nominating, Corporate Governance and Social Responsibility Committees;

\$5,000 annual membership fee for each member of each Committee; and

Increase of the stock award value from \$120,000 to \$140,000.

The Board also approved the elimination of the \$2,000 per meeting fee. Based on the latest available data, when these changes to director compensation are implemented, the total compensation for the Company's non-employee directors will rank within the targeted fourth quartile (i.e., between the 75th percentile and the 100th percentile) of the Company's Compensation Survey Group.

Table of Contents**OWNERSHIP OF EQUITY SECURITIES**

The following table shows the number of shares of common stock beneficially owned as of April 1, 2008, by each director, nominee for director, executive officer named in the Summary Compensation Table, our newly elected CFO and the directors and executive officers of the Company as a group. Unless otherwise indicated, each of the named individuals has sole voting and investment power with respect to the shares shown. The beneficial ownership of each director and executive officer is less than 1% of the outstanding shares.

Name	Amount and Nature of Beneficial Ownership (2) (3)
Elizabeth E. Bailey	44,913
Gerald L. Baliles	8
David R. Beran	481,635
André Calantzopoulos	123,658
Louis C. Camilleri	2,595,204
Dinyar S. Devitre	155,411
Thomas F. Farrell II	2,500
Robert E. R. Huntley	48,211
Thomas W. Jones	21,848
George Muñoz	6,672
Steven C. Parrish	1,288,439
Michael E. Szymanczyk	1,221,846
Charles R. Wall	1,374,802
Group (19 persons) (1)	3,395,984

- (1) Group consists of Company's directors and officers following the March 28, 2008 spin-off of PMI.
- (2) Includes maximum number of shares as to which these individuals can acquire beneficial ownership upon the exercise of stock options that are currently vested or that will vest before June 1, 2008 as follows: Dr. Bailey, 14,334; Mr. Beran, 164,578; Mr. Calantzopoulos, 63,326; Mr. Camilleri, 1,841,540; Mr. Jones, 2,295; Mr. Parrish, 772,635; Mr. Szymanczyk, 710,914; Mr. Wall, 987,539; and group, 1,525,256. Also includes shares of restricted common stock as follows: Mr. Beran, 17,860; Mr. Camilleri, 371,900; Mr. Szymanczyk, 90,650; Mr. Wall, 95,450; and group, 171,970.
- (3) Includes shares as to which beneficial ownership is disclaimed by Mr. Parrish, 4,000 (shares held by children). Also includes 401,740 additional shares as to which voting and/or investment power is shared with or controlled by another person and as to which beneficial ownership is not disclaimed, as follows: Mr. Devitre, 50,485 (shares held in GRAT); Mr. Huntley, 3,600 (shares held in joint tenancy); and Mr. Parrish, 347,655 (shares held in family trust). Also includes shares of deferred stock as follows: Dr. Bailey, 14,662; Mr. Beran, 77,298; Mr. Calantzopoulos, 60,332; Mr. Camilleri, 152,527; Mr. Jones, 14,434; Mr. Muñoz, 5,672; Mr. Szymanczyk, 128,102; and Mr. Wall, 33,564; and group, 571,110. Mr. Camilleri's deferred stock total reflects the cancellation of his 2008 Altria deferred stock grant (330,280 shares, which were replaced by a grant of PMI deferred stock) following the March 28, 2008 spin-off of PMI.

In addition to the shares shown in the table above, as of April 1, 2008, those directors who participate in the Company's director deferred fee program had the following Altria share equivalents allocated to their accounts: Dr. Bailey, 19,868; Mr. Huntley, 14,308; and Mr. Muñoz, 2,198. See Compensation of Directors on pages 14 and 15 for a description of the deferred fee program for directors.

Table of Contents

Section 16(a) Beneficial Reporting Compliance

The Company believes that during 2007 all reports for the Company's executive officers and directors that were required to be filed under Section 16 of the Securities Exchange Act of 1934 were filed on a timely basis.

Table of Contents

COMPENSATION COMMITTEE MATTERS

Introduction

The **Compensation Committee** consists entirely of non-management directors all of whom our Board has determined are independent within the meaning of the listing standards of the New York Stock Exchange. Its responsibilities are described below and set forth in the Compensation Committee Charter, which is available on the Company's website at www.altria.com/governance. During 2007, the members of the Committee were: John S. Reed (Chair); Elizabeth E. Bailey; Harold Brown; J. Dudley Fishburn; Robert E. R. Huntley; Lucio A. Noto; and Stephen M. Wolf. The current members of the Committee are: Robert E. R. Huntley (Chair); Elizabeth E. Bailey; Gerald L. Baliles; Thomas F. Farrell II; and Thomas W. Jones.

Compensation Committee Interlocks and Insider Participation

No member of the Compensation Committee at any time during 2007 or at any other time had any relationship with us that would be required to be disclosed as a related person transaction. During 2007, none of our executive officers served on the board of directors or compensation committee of another entity one or more of whose executive officers served as a member of our Board of Directors or its Compensation Committee.

Compensation Committee Procedures

Scope of Authority

The responsibilities of the Compensation Committee are set forth in its charter and include, among other duties, the responsibility to:

make recommendations to the Board with respect to incentive compensation plans and equity based plans, to administer and make awards under such plans and to review the cumulative effect of its actions;

review and approve corporate goals and objectives relevant to the compensation of our chief executive officer, to evaluate the performance of our chief executive officer in light of these goals and objectives, and determine and approve the compensation of our chief executive officer based on this evaluation;

review and approve the compensation of all executive officers;

monitor compliance by executives with our stock ownership guidelines;

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review and assist with the development of executive succession plans, to evaluate and make recommendations to the Board regarding potential candidates to become chief executive officer, and to evaluate and approve candidates to fill other senior executive positions;

review and discuss with management our Compensation Discussion and Analysis; and

produce and approve the Compensation Committee's annual report for inclusion in our annual proxy statement.

In accordance with its charter, the Compensation Committee may delegate its authority to subcommittees or the chair of the Committee when it deems appropriate, unless prohibited by law, regulation or New York Stock Exchange listing standards.

Table of Contents

Processes and Procedures

The Compensation Committee's primary processes and procedures for establishing and overseeing executive compensation are described in the Compensation Discussion and Analysis on pages 21 through 61 of this proxy statement. These processes and procedures include:

Meetings. The Compensation Committee meets several times each year, including six times in 2007. The chair of the Committee, in consultation with the other members, sets meeting agendas. The Compensation Committee reports its actions and recommendations to the Board of Directors.

Role of Consultants. As part of our annual compensation process, we engage Hewitt Associates to conduct a survey of Compensation Survey Group Companies. See below for a description of the companies included in the Compensation Survey Group and the criteria and process for their selection. The survey collects both compensation and benefit data and competitive practices. The data is reviewed by the Committee to help it assess competitive levels of pay and the competitive mix of pay elements. In addition, we engage Towers Perrin to provide competitive compensation and benefit information primarily from public filings, including annual proxy filings, by companies within our Compensation Survey Group. This data, which focuses on chief executive officer pay, is reviewed by the Compensation Committee. Neither Hewitt Associates nor Towers Perrin makes recommendations with respect to decisions to be made by the Compensation Committee nor do they attend Committee meetings.

Role of Executive Officers. Each year, our chief executive officer presents to the Compensation Committee his compensation recommendations for our senior executive officers that report directly to him. The Compensation Committee reviews and discusses these recommendations with our chief executive officer and, exercising its discretion, makes the final decision with respect to the compensation of these individuals. The chief executive officer has no role in setting his own compensation.

Table of Contents

Compensation Committee Report for the Year Ended December 31, 2007

To Our Stockholders:

The Compensation Committee has reviewed and discussed the Compensation Discussion and Analysis contained on pages 21 through 61 of this proxy statement with management. Based on its review and discussions with management, the Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this Proxy Statement. During 2007, the members of the Committee were: John S. Reed (Chair); Elizabeth E. Bailey; Harold Brown; J. Dudley Fishburn; Robert E. R. Huntley; Lucio A. Noto; and Stephen M. Wolf.

Compensation Committee:

John S. Reed, Chair

Elizabeth E. Bailey

Harold Brown

J. Dudley Fishburn

Robert E. R. Huntley

Lucio A. Noto

Stephen M. Wolf

The information contained in the report above shall not be deemed to be soliciting material or to be filed with the Securities and Exchange Commission, nor shall such information be incorporated by reference into any future filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent specifically incorporated by reference therein.

Table of Contents

Compensation Discussion and Analysis

Overview

The compensation discussion and analysis below reflects our compensation decisions and philosophies and takes into account the following events.

On March 30, 2007 (the Kraft Distribution Date), Altria distributed all of its remaining interest in Kraft Foods Inc. (Kraft) on a pro-rata basis to Altria's stockholders in a tax-free distribution. The distribution ratio was 0.692024 of a share of Kraft for each share of Altria common stock outstanding as of the record date. On March 28, 2008, (the PMI Distribution Date), Altria distributed 100% of outstanding shares of PMI owned by Altria to its stockholders in a tax-free distribution. Each Altria stockholder received one share of PMI for each share of Altria common stock held as of the record date.

As of March 28, 2008, as a result of the spin-off of PMI, Mr. Michael E. Szymanczyk assumed the role of Chairman and Chief Executive Officer of Altria Group, Inc., succeeding Mr. Louis C. Camilleri who resigned his position on that date to assume that role at PMI. In addition, Mr. Charles R. Wall resigned his position at Altria and assumed the role of Vice Chairman of PMI. Mr. Dinyar S. Devitre retired as an officer of Altria and became a member of our Board of Directors. Mr. Steven C. Parrish retired from Altria. These individuals were Altria's named executive officers in 2007. The information provided below reflects the compensation decisions for fiscal year 2007 and, where appropriate, any material decisions made in 2008. In addition, we also describe the manner in which outstanding equity compensation and certain other compensation elements have been adjusted to reflect the spin-offs of Kraft and PMI and the elements of our executive compensation and benefit programs that have been changed in 2008 in connection with the spin-off of PMI.

Our compensation programs are designed to support our business and financial objectives. The programs are set and periodically reviewed by the Compensation Committee of the Board of Directors. They are intended to achieve a number of objectives, including:

to support our ability to attract, develop and retain world-class leaders;

to align the interests of executives and stockholders;

to reward performance;

to support business growth, superior financial results, societal alignment and integrity of conduct; and

to promote internal equity and a disciplined qualitative and quantitative assessment of performance.

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These objectives provide the framework for the various components of compensation and benefits, and take into account the specific nature of our business. Each element of compensation is designed to achieve a specific purpose. Together, they form an aggregate package that is intended to be appropriately competitive and to provide the necessary flexibility and incentives to achieve our goals and objectives. The design of the overall package encompasses the following features:

a mix of fixed and at-risk compensation. The higher the organizational level of the executive, the lower the fixed component of the overall compensation and benefits package;

a mix of annual and long-term compensation and benefits to appropriately reward the achievement of annual goals and objectives and long-term performance aspirations; and

a mix of cash and equity compensation that seeks to discourage actions that are solely driven by our stock price at any given time to the detriment of strategic goals, and to minimize the potential dilutive nature of equity compensation on stockholder value.

Table of Contents

In determining the precise levels of each element of compensation as well as the total compensation and benefit package awarded, the Compensation Committee:

exercises its business judgment and discretion in setting the level of compensation within pre-established ranges;

reviews actual historical delivery of compensation versus design to ensure that actual compensation is consistent with the intent of the programs; and

reviews total compensation design to assure that the various ranges remain appropriately competitive and continue to meet the objectives described above.

Our executives are ranked by salary band reflecting the executive's level of responsibility and accountability. We expect to employ 14 senior executives in salary bands A through D.

Compensation and Benefits for 2007

The Compensation Committee establishes and periodically reviews a compensation and benefits mix for each salary band. The compensation and benefits mix for each U.S.-based salary band as of December 31, 2007 was as follows:

2007 Design Mix of Compensation and Benefits

Salary Band	Base Salary	Annual Incentives	Total Long-Term Incentives⁽¹⁾	Benefits⁽²⁾	Perquisites
A ⁽³⁾	9%	13%	73%	5%	<1%
B	17%	15%	59%	8%	1%
C	20%	16%	54%	9%	1%
D	24%	15%	48%	11%	2%

(1) Annual equity awards and the annual value of Long-Term Performance Incentive awards.

(2) The benefit percentages represent the average annual value of retirement, healthcare, disability and death benefits and are based on the methodology employed by Hewitt Associates in its Total Compensation Measurement Study (described below in Role of Consultants). The actual value for any given year will vary based on, among other things, each employee's age and years of covered service. These benefit percentages are not intended to represent the total value of benefits earned over a career and payable upon retirement.

(3) The mix of compensation and benefits for band A is based on actual equity awards in 2005, 2006 and 2007 for Mr. Camilleri (the only band A executive prior to the spin-off). The Compensation Committee followed a cumulative equity award strategy

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and, based on its assessment of Mr. Camilleri's performance and a review of competitive data, has awarded Mr. Camilleri annual stock grants in the range of 100,000 to 200,000 shares. The Compensation Committee may follow a different award strategy for Mr. Szymanczyk and, as a result, his mix of compensation and benefits may be different.

Table of Contents

In 2007, our Chairman and Chief Executive Officer was in salary band A, and our Chief Financial Officer and other named executive officers were in salary band B. The table below compares Altria's mix of compensation and benefits for salary bands A and B with that of the Compensation Survey Group (see discussion of the Compensation Survey Group below):

**Altria 2007 Design Mix of Compensation and Benefits
versus the Compensation Survey Group**

	<u>Base Salary</u>	<u>Annual Incentives</u>	<u>Long-Term Incentives</u>		<u>Benefits ⁽¹⁾</u>	<u>Perquisites</u>
			<u>Incentive Cash Awards</u>	<u>Equity Awards</u>		
Salary Band A						
Altria	9%	13%	23%	50%	5%	<1%
Compensation Survey Group ⁽²⁾	9%	21%	24%	41%	4%	1%
Salary Band B						
Altria	17%	15%	35%	24%	8%	1%
Compensation Survey Group ⁽²⁾	20%	22%	18%	32%	7%	1%

(1) The benefit percentages represent the average annual value of retirement, healthcare, disability and death benefits and are based on the methodology employed by Hewitt Associates in its Total Compensation Measurement Study (described below in Role of Consultants). The actual value for any given year will vary based on, among other things, each employee's age and years of covered service. These benefit percentages are not intended to represent the total value of benefits earned over a career and payable upon retirement.

(2) 75th percentile of the Compensation Survey Group as shown in 2007 Hewitt Associates Total Compensation Measurement Study.

To maximize alignment with the interests of stockholders, we have provided a greater percentage of total compensation in the form of long-term incentive compensation than do the Compensation Survey Group companies, as follows: salary band A, 73% versus 65% and salary band B, 59% versus 50%.

Elements of Compensation and Benefits for 2007

Our compensation and benefit programs are designed to deliver total compensation upon attainment of targeted goals at levels between the 50th and the 75th percentiles of compensation paid to executives in the Compensation Survey Group, described below. This approach has been critical to attracting and retaining employees and has contributed to low employee turnover across all of our businesses. Actual awards can exceed the 75th percentile when business and individual performance exceed targeted goals.

A description of each element of the compensation and benefit program in 2007 follows.

Base Salary

Several factors are considered when setting base salaries, including each executive's individual performance rating, level of responsibility, prior experience, and the relationship between base salaries paid within our businesses. In addition, as appropriate, the Compensation Committee compares the base salaries paid to our executive officers to the base salaries paid to executive officers holding comparable positions at other companies in the Compensation Survey Group. Numerical weights are not assigned to any factor.

Table of Contents

The base salary ranges for salary band A through salary band D executives who were based, for purposes of pay, in the United States were as follows:

<u>Salary Band</u>	<u>2007 U.S.-Based Annual Base Salary Ranges</u>		
	<u>Minimum</u>	<u>Midpoint</u>	<u>Maximum</u>
A	\$ 1,030,000	\$ 1,700,000	\$ 2,370,000
B	515,000	875,000	1,235,000
C	360,000	565,000	770,000
D	260,000	425,000	590,000

The base salary ranges for executives who were based, for purposes of pay, outside of the United States are determined based on local market competitive practices. Mr. Calantzopoulos, who was in salary band B, was the only named executive officer based outside of the United States in 2007 for purposes of pay, and he is located in Switzerland. The 2007 base salary range for salary band B in Switzerland is below:

<u>Salary Band</u>	<u>2007 Swiss-Based Annual Base Salary Ranges</u>		
	<u>Minimum</u>	<u>Midpoint ⁽¹⁾</u>	<u>Maximum</u>
B	CHF 847,800	1,441,200	2,034,600

- (1) The midpoints of salary band B is equivalent to \$1,202,302 based on the average conversion rate for 2007 of \$1=1.1987 CHF. However, as noted above, this salary range is based on local market competitive practices and is not directly comparable to the U.S. dollar salary range used for those executives based for purposes of pay in the United States.

See Compensation and Benefit Changes for 2008 for the base salary ranges in effect for 2008.

Annual Incentives

The Annual Incentive Award program is a cash-based, pay-for-performance plan for management employees worldwide, including our named executive officers. We believe that the use of cash (as opposed to equity) for annual incentives is consistent with competitive practice among companies within the Compensation Survey Group. Each participant has an award target expressed as a percentage of base salary. The target award is paid when both business and individual results are achieved at planned levels of performance. Actual awards paid vary based on an assessment of actual business performance and individual performance.

In December of each year, the Compensation Committee assesses our overall corporate performance, as well as the performance of each of our businesses for that year. Based on its assessment, the Compensation Committee assigns business ratings that are used to determine the size of the incentive award pool. Businesses that perform at planned levels of performance received a rating of 100. The ratings reflecting the business performance assessment can range from 0 to 130. Business ratings determined for 2007

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are discussed below under 2007 Executive Compensation Decisions.

Each participant is rated on a five-point scale with only the top three points (Good, Exceeds and Spectacular) generally eligible to receive an annual incentive award. Individuals who achieve their annual objectives receive a rating of Good. To assure a disciplined, fair and equitable assessment of individual performance, general guidelines have been set by the Compensation Committee whereby approximately 50% of the eligible population receives a rating of Good or less, 40% receives a rating of Exceeds and 10% receives a rating of Spectacular.

Table of Contents

Annual incentive target award ranges for salary bands A through D for 2007 were as follows:

2007 Annual Incentive Target Award Ranges ⁽¹⁾

Band	Award Ranges Associated with Individual Performance					
	Good		Exceeds		Spectacular	
A	128%	159%	159%	201%	217%	293%
B	77%	95%	95%	120%	130%	175%
C	68%	85%	85%	108%	117%	158%
D	51%	63%	63%	78%	85%	114%

- (1) Annual incentive target award ranges are stated as a percentage of base salary and assume that business results are at planned levels of performance (*i.e.*, at a rating of 100). These are target ranges only. There is no guarantee that any amount will be paid.

Long-Term Incentives

We award long-term incentives to senior executives through a combination of cash-based long-term performance incentive awards and either restricted or deferred stock. The mix of cash-based incentives and equity awards varies based on salary band. Consistent with our compensation objectives, the mix has been intended primarily to focus executives on total stockholder return, or TSR, long-term operational performance and progress against strategic and societal objectives while remaining sensitive to stockholder dilution concerns. We believe that long-term incentives play a key role in attracting and retaining executives. The long-term incentives are based on the performance of Altria Group, Inc. in total as opposed to the performance of each operating company.

2007-2009 Long-Term Performance Incentive Awards. The Long-Term Performance Incentive Plan, or LTIP, for Altria executives in salary bands A through F, including our named executive officers, began its most recent performance cycle on January 1, 2007. Awards under this plan are based primarily on long-term growth in total stockholder return, an assessment of progress against our societal alignment objectives and, to a lesser extent, our strategic performance. We generally use three-year long-term performance cycles that are end-to-end and do not overlap. The three-year cycle is consistent with our planning cycle, and we have determined that utilizing cycles that do not overlap provides clarity for participants and stockholders. Awards are payable to executives in cash and are based on an assessment of overall corporate and individual performance. Each participant has an award target based on their salary band, normally expressed as a percentage of cumulative year-end base salaries over the three-year cycle. At the conclusion of each performance cycle, the Compensation Committee considers our TSR results over this time period and qualitatively assesses our performance against the strategic measures communicated to participants at the commencement of the performance cycle. Based on its assessment, the Compensation Committee assigns a rating used to determine the size of the LTIP award pool. The specific LTIP ratings can range from 0 to 130. As noted below, the 2007-2009 performance cycle was terminated on December 31, 2007. See Compensation and Benefit Changes for 2008 for modifications to the LTIP measures for 2008.

Table of Contents

LTIP award targets established for salary bands A through D for the 2007-2009 performance cycle were as follows:

2007 Long-Term Performance Incentive Award Ranges⁽¹⁾

Salary Band	Individual Performance					
	Below		Achieves		Above	
A	0%	225%	225%	275%	275%	+
B	0%	180%	180%	220%	220%	+
C	0%	113%	113%	138%	138%	+
D	0%	68%	68%	83%	83%	+

- (1) LTIP award ranges are stated as a percentage of cumulative year-end base salaries over the three-year performance cycle, and assume that results of our businesses are at planned levels of performance reflected by an assigned performance rating of 100. These are target ranges only. There is no guarantee that any award will be granted.

Annual Equity Awards. Equity awards are intended to build stock ownership and enhance the retention and commitment of participants to increasing long-term stockholder value. Since 2003, equity awards have been made in shares of restricted or deferred stock rather than stock options because they:

establish a relationship between our cost and the value ultimately delivered to executives that is both more direct and more visible than is the case with stock options; and

require the use of substantially fewer shares than stock options to deliver equivalent value, resulting in an annual company run rate (number of stock options, restricted and deferred shares granted in the calendar year as a percentage of all shares outstanding) in 2007 of 0.1% and a total 2007 year-end overhang (number of unexercised stock options and unvested deferred stock as a percentage of all shares outstanding) of 1.6%.

Equity award recommendations are approved annually at the Compensation Committee's January meeting, and are granted on the date of approval. The number of shares awarded is based on the fair market value of our stock on the date of grant. The value of shares awarded is based on an evaluation of each participant's performance and potential to advance within the organization.

Equity awards generally vest three or more years after the date of the award, subject to earlier vesting on death, disability or normal retirement. The three-year vesting period provides us with a means of both retaining and motivating executives. Recipients receive cash dividends or dividend equivalents on unvested shares of restricted or deferred stock in order to more fully align the interests of participants with stockholders. Dividends and dividend equivalents paid prior to vesting are ordinary income for individual tax purposes and, for awards granted after 2006, are generally deductible by us.

The annual equity award ranges for salary bands B through D for 2007 were as follows:

2007 Equity Award Ranges

Salary Band	Individual Performance					
	Good		Exceeds		Spectacular	
B	\$ 885,000	\$1,475,000	\$ 1,475,000	\$1,843,800	\$ 1,843,800	\$2,212,500
C	531,000	885,000	885,000	1,106,300	1,106,300	1,327,500
D	303,000	505,000	505,000	631,300	631,300	757,500

Table of Contents

The Compensation Committee has exercised discretion in making equity awards for salary band A based on a cumulative equity award strategy and its assessment of competitive data. With respect to Mr. Camilleri, the Compensation Committee reviewed an analysis of various equity award scenarios, reflecting its past practices as well as those of companies within the Compensation Survey Group, in order to establish both an appropriate range of awards as well as an appropriate cumulative equity award size over a ten-year period as chief executive officer. The Compensation Committee also took into account Mr. Camilleri's individual performance. In recent years, the Compensation Committee awarded Mr. Camilleri annual stock grants in the range of 100,000 to 200,000 shares. The Compensation Committee may employ a different award strategy for Mr. Szymanczyk.

In addition, all of our most senior executives are subject to stock ownership guidelines that require them to hold our stock in an amount equal to a multiple of their base salary, as described in *Stock Ownership Guidelines and Restriction on Hedging*. As of December 31, 2007, all of our named executive officers had satisfied their ownership guidelines.

Stock Options. Consistent with the Compensation Committee's practice of making equity awards in shares of restricted or deferred stock, the Compensation Committee has not made any new stock option grants since 2002. Adjustment of outstanding stock options granted in 2002 and prior years as well as other equity-based awards in connection with the spin-off of PMI are described in *Treatment of Compensation and Benefit Programs At Completion of the Spin-Off of PMI*.

Retirement Benefits

Almost all of our U.S.-based employees are covered by funded tax-qualified pension and profit-sharing plans. We also maintain supplemental retirement plans and arrangements which compensate employees for the difference between the full pensions or full profit-sharing contributions they would receive under our tax-qualified plans, if those plans were not subject to tax law limitations, and the benefits that in fact can be provided after taking those limits into account. In limited instances, these plans provide additional benefits. See *Plans Maintained by Altria* below. These arrangements are generally intended to provide our U.S.-based salaried employees with pension benefits, or their equivalent, in an amount equal to 1.75% of the employee's highest average annual compensation (annual salary plus annual incentive) during a period of five consecutive years, minus 0.30% of such compensation up to the applicable Social Security covered compensation amount, times years of credited service (up to a maximum of 35). For an employee who completes 30 years of service, this translates into providing payments equivalent to a pension of approximately 52.5% of five years annual average salary and incentive compensation. For an employee with the maximum credited service of 35 years, this replacement ratio is approximately 61.25%.

After termination of employment, pension benefits can commence at age 55, though generally with a reduction in benefits for commencement before age 65. For employees who work until age 55, the annual reduction factors for early commencement decrease significantly. For employees who retire at or above age 55 with 30 years of service or at or above age 60 with five years of service, there is no reduction for early commencement. The retirement benefits we provide are described in greater detail in the discussions following the Pension Benefits table and the Non-Qualified Deferred Compensation table.

Prior to the spin-off, our employees based outside of the U.S., including Mr. Calantzopoulos, participated in various retirement plans that were substantially similar to the ones described above. Employees located in Switzerland, for example, were generally covered by the Pension Fund of Philip Morris in Switzerland, or the Swiss Pension Fund, a broad-based, contributory, funded pension plan established in accordance with the Swiss Federal Law on Occupational Retirement, Survivors' and Disability Pension Plans that provided retirement, death and disability benefits for employees and their

Table of Contents

beneficiaries. Retirement benefits are determined under a formula similar to the formula in Altria's tax-qualified U.S. pension plan. As is the case under our tax-qualified U.S. plans, benefits under the Swiss Pension Fund were subject to tax regulatory limits on the amount of compensation that can be taken into account in determining benefits. Our former employees covered by the Swiss Pension Fund, but whose benefits were affected by these limits, were also covered by additional Swiss plans designed to provide benefits equivalent to the incremental benefits that would be provided if the Swiss Pension Fund were not subject to these limits. Where an employee was also entitled to benefits under a pension plan in another country, benefits were coordinated through offsets in order to assure that the employee received full career benefits while avoiding duplication in benefits.

During 2006, the Compensation Committee decided to limit compensation for purposes of pension determinations for U.S.-based executives in salary bands A and B. This decision limited annual incentive compensation considered for purposes of pension determinations to the lesser of either (i) actual annual incentive or (ii) annual incentive at a business rating of 100 and individual performance rating of Exceeds. This limitation does not apply to any executive who was age 55 or older at December 31, 2006, or to any executive who is not a participant in our U.S.-based pension plan. Mr. Camilleri was the only executive who was subject to this limitation in 2007. Mr. Camilleri was awarded an annual incentive award of \$4,750,000 for 2007. Of this amount, \$2,887,500, which reflects the above ceiling, was recognized as pensionable earnings for the purposes of his pension calculation.

Perquisites

Any perquisites received by our named executive officers are described in footnotes to the All Other Compensation heading of the Summary Compensation Table. Other than these perquisites, our named executive officers received the same benefits that were provided to our employees generally. For reasons of security and personal safety, we required Messrs. Camilleri and Szymanczyk to use company aircraft for all travel, and we provided Mr. Camilleri with a driver.

Table of Contents

2007 Executive Compensation Decisions

The assessment of the performance of our named executive officers is discussed below. The compensation paid or awarded to our named executive officers under our compensation programs is included in the compensation tables and, in the case of each executive, was within the ranges specified for each element of compensation discussed above.

Base Salary Increases

The Compensation Committee did not increase Mr. Camilleri's base salary in 2007. Mr. Camilleri's base salary was within the 4th quartile of the Compensation Survey Group at approximately the midpoint of his salary range.

The following were the 2007 increases in base salary for our other named executive officers:

Mr. Calantzopoulos: CHF 1,200,000 to CHF 1,250,080, an increase of 4.2%, effective April 1, 2007

Mr. Devitre: \$780,000 to \$900,000, an increase of 15.4%, effective May 1, 2007

Mr. Parrish: \$980,000 to \$1,000,000, an increase of 2.0%, effective May 1, 2007

Mr. Szymanczyk: \$1,170,000 to \$1,200,000, an increase of 2.6%, effective May 1, 2007

Mr. Wall: \$1,025,000 to \$1,080,000, an increase of 5.4%, effective May 1, 2007

These increases took into account Mr. Camilleri's recommendations, and the factors enumerated in the Overview above, and were part of a merit increase program that applied to all employees. Mr. Devitre's base salary increase also reflected an adjustment to assure both internal and external pay equity.

Annual Incentives

As previously discussed, annual incentive awards are based on a comprehensive assessment of both business and individual performance. Numerical weights and specific objectives are not assigned to the factors used in assessing either individual or business performance. For 2007, the financial performance factors considered by the Compensation Committee included operating company income, discretionary cash flow (defined as net cash provided by operating activities less capital expenditures), net revenue as well as volume and market share. At the corporate level, the performance factors also included net earnings, earnings per share, or EPS, and TSR. The Compensation Committee also evaluated our performance relative to numerous strategic and

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qualitative factors such as portfolio management, innovation, progress on societal alignment, management of regulatory and legal challenges, compliance and integrity and leadership development.

In 2007, we recorded strong consolidated adjusted earnings growth and took a number of strategic actions to further strengthen our businesses for long-term growth. Operating companies income, net earnings and EPS all exceeded the annual budget. Full-year adjusted diluted EPS from continuing operations rose 8.1% to \$4.38 versus \$4.05 in 2006. Income growth was predominantly attributable to pricing, currency and overhead cost reductions. TSR at 22.2% exceeded that of the Compensation Survey Group (10.6%), the Altria Peer Group (20.9%) and the S&P 500 (5.5%).

Beyond our financial performance, we took numerous actions to enhance stockholder value and accelerate income growth. These included the spin-off of Kraft in March 2007, the spin-off of PMI in March 2008, the acquisition of John Middleton, Inc., acquisitions in Pakistan and Mexico, the

Table of Contents

implementation of a global cigarette manufacturing reconfiguration plan including the closure of the Cabarrus cigarette manufacturing facility, the sale of the New York headquarters building and the successful launch of several innovative tobacco products in both the smokeless and cigarette categories.

In a year that was marked by a step-up in Master Settlement Agreement payments and an above-trend erosion in cigarette consumption affecting the U.S. domestic market, PM USA achieved a record market share of 50.6%, driven by the continued strong performance of *Marlboro*. Operating companies income increased by 1.9% on an adjusted basis versus 2006, but fell marginally short of the annual budget. PM USA introduced several successful innovative products in both the smoking and smokeless categories. A number of cost reduction initiatives were pursued with vigor and PM USA delivered savings of more than \$300 million in 2007, resulting in a unit margin gain of 6%.

PMI also generated strong financial results and contributed significantly to our increase in consolidated adjusted earnings. Adjusted operating companies income rose 12.5% attributable primarily to pricing and favorable currency. Excluding currency and other items that affected comparability, operating companies income rose 6.8%. This performance exceeded the annual budget and was at the high end of the guidance provided to the investment community of like-for-like growth of between 5% and 7%. Market share performance was mixed, with share growth in some markets lagging expectations.

Taking these factors into account, the Compensation Committee assigned the following Annual Incentive ratings for 2007:

Altria Group, Inc.	115
Philip Morris USA	107
Philip Morris International	102

These ratings were used to determine the size of the annual incentive award pool.

Long-Term Performance Incentive Awards

The 2007 to 2009 performance cycle of the long-term incentive plan, or LTIP, is predominantly designed to reward growth in TSR, performance relative to the Altria Peer Group, the Compensation Survey Group and the S&P 500. The secondary measures emphasize progress against societal alignment objectives, and key strategic performance factors such as market share, portfolio management and leadership development. These measures were selected as they are intended to focus executives on achieving results that contribute to continued long-term growth in stockholder value.

As the three-year cycle LTIP began on January 1, 2007, no payments would ordinarily have been made for the 2007 fiscal year. However, as a result of the spin-off of PMI, the 2007-2009 LTIP was terminated on December 31, 2007 and participants received a cash payment for the 2007 plan year assuming individual performance of Achieves using base salaries in effect on December 31, 2007 and an LTIP business rating of 115. The Compensation Committee awarded an LTIP business rating of 115 as a result of our strong stockholder return as noted above and the attainment of secondary long-term objectives described above. 2007 marked the sixth consecutive year of strong TSR.

Compensation of the Chairman and Chief Executive Officer

Louis C. Camilleri: Mr. Camilleri's awards for 2007 reflected his responsibility for and major contribution to our overall results, including a marked increase in stockholder value. In determining his awards, the Compensation Committee also took into consideration Mr. Camilleri's leadership role in the

Table of Contents

restructuring of Altria, the sustained positive evolution of the litigation environment, progress on societal alignment initiatives, product innovation, our solid financial results including the strength of our balance sheet, leadership development and progress against our longer term plan.

For 2007, Mr. Camilleri was awarded an annual incentive of \$4,750,000, or 271% of his annual base salary. This award is at the high end of his award range reflecting the Compensation Committee's assessment of his performance. In addition, he received an LTIP award of \$5,031,250 reflecting his target award at the LTIP business rating of 115. Mr. Camilleri also received an annual equity award of 130,280 shares of deferred stock.

In addition, the Compensation Committee awarded Mr. Camilleri a special deferred stock award of 200,000 shares in recognition of his successful efforts during his tenure as our Chief Executive Officer to execute against the strategy, first announced in 2004, to separate Altria into three component parts to significantly enhance stockholder value and growth. This award further recognized that the Compensation Committee and the Board of Directors asked Mr. Camilleri to assume the role of Chairman and Chief Executive Officer of PMI, while accepting a reduction in his compensation at PMI. On January 30, 2008, the Compensation Committee decreased Mr. Camilleri's base salary from \$1,750,000 to \$1,500,000 effective upon his transfer to PMI.

Compensation of Other Named Executives Officers

André Calantzopoulos. Mr. Calantzopoulos served as President and Chief Executive Officer of PMI and, following the PMI spin-off, now serves as Chief Operating Officer of PMI. Mr. Calantzopoulos's 2007 awards were all within pre-established ranges and reflected his significant contributions to PMI's strong operating results and strategic initiatives. Particularly noteworthy were Mr. Calantzopoulos's contributions to PMI's product innovation strategy including the launch of *Marlboro Filter Plus*, *Marlboro Ice Mint* and other menthol line extensions, *Parliament Platinum* and *Virginia Slims Uno*, his relentless pursuit of cost reduction opportunities that exceeded PMI's productivity targets and contributed to PMI's strong financial results, management development, societal alignment, 2007 acquisitions and business development initiatives. His awards also reflected his instrumental role in restructuring PMI to accelerate decision-making and speed-to-market and recognized his critical role in developing PMI's strategic partnership with the China National Tobacco Company.

Dinyar S. Devitre. Mr. Devitre served as our Senior Vice President and Chief Financial Officer. He elected to retire upon completion of the PMI spin-off, after more than 33 years of exemplary service to our company and its subsidiaries, and now serves on our Board of Directors. Mr. Devitre's awards for 2007 reflected his contributions to our overall financial results, our strategic initiatives and shareholder value performance. These notably included the strong results achieved by Philip Morris Capital Corporation, his significant contributions to the Kraft spin-off and reaching executional readiness for the PMI spin-off, effective tax planning and a strong internal control environment, as well as the effective management of our strong balance sheet. Furthermore, the awards were granted in recognition of his key role in assuring clear, effective and comprehensive communications of our strategies and results to the investment community.

Steven C. Parrish. Mr. Parrish served as our Senior Vice President, Corporate Affairs. He elected to retire upon the completion of the PMI spin-off, after an exemplary and successful 18 year career with us and our subsidiaries. Mr. Parrish's awards for 2007 reflected his contributions to our comprehensive societal alignment initiatives, his leadership role in pursuing strong and fair worldwide regulation of tobacco and numerous successful initiatives on the legislative and regulatory front, including fair and equitable excise tax reform. They also recognized his role in ensuring a flawless transition of his responsibilities to his functional successors at both Altria and PMI.

Table of Contents

Michael E. Szymanczyk. Mr. Szymanczyk served as Chairman and Chief Executive Officer of Philip Morris USA Inc., and began serving as our Chairman and Chief Executive Officer on March 28, 2008, the date of the spin-off of PMI. Mr. Szymanczyk's 2007 awards recognize his successful leadership of PM USA and his significant contribution to its overall results, including a relentless pursuit of several major cost reduction initiatives, the successful launch of *Marlboro Smooth* and *Marlboro Virginia Blend*, as well as the introduction of *Marlboro Snus* and *Marlboro Moist Smokeless Tobacco* in furtherance of PM USA's adjacency strategy. The awards also recognize the instrumental role that Mr. Szymanczyk personally played in the acquisition of John Middleton, Inc. and his significant contributions to reaching executional and organizational readiness for the corporate restructuring.

Charles R. Wall. Mr. Wall served as our Senior Vice President and General Counsel and, following the spin-off, assumed the position of Vice Chairman of PMI. His 2007 awards, which were all within pre-established ranges, recognized his invaluable contributions to total stockholder value through the critical role he played in successfully managing the complex litigation challenges faced by us and our subsidiaries. They also reflected his role in assuring the successful execution of the Kraft and PMI spin-offs.

Role of Altria's Chief Executive Officer

Each year, Mr. Camilleri, as our Chairman and Chief Executive Officer, presented to the Compensation Committee compensation recommendations for each of our executive officers. The Compensation Committee reviewed and discussed these recommendations with him, taking into account the factors noted elsewhere in this discussion and, exercising its discretion, made final compensation decisions with respect to the compensation of those executive officers. Mr. Camilleri did not make recommendations or otherwise have any role in the setting of his own compensation and has never attended the Compensation Committee meetings when his compensation was discussed. The Compensation Committee met in executive session when discussing and deciding on Mr. Camilleri's compensation. We anticipate that Mr. Szymanczyk will have a similar role.

Altria Compensation Survey Group for 2007

Management periodically reviews and presents to the Compensation Committee its recommendations of companies to include in the Compensation Survey Group. For 2007, companies were selected based on the following criteria:

are of a similar size and have executive positions similar in breadth, complexity and scope of responsibility;

have global businesses; and

compete with us for executive talent.

For 2007, the following 22 companies were selected by the Compensation Committee and included in the Compensation Survey Group, based upon the above criteria: 3M Company, Anheuser-Busch Companies, Inc., Bristol-Myers Squibb Company, Campbell Soup Company, Citigroup Inc., The Coca-Cola Company, Colgate-Palmolive Company, ConAgra Foods, Inc., Exxon Mobil Corporation, Ford Motor Company, General Electric Company, General Mills, Inc., General Motors Corporation, H.J. Heinz Company, International Business Machines Corporation, Johnson & Johnson, Kellogg Company, Merck & Co., Inc., PepsiCo, Inc., Pfizer Inc., The Procter & Gamble Company and Reynolds American Inc. See [Our New Compensation Survey Group](#) below for the

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Compensation Survey Group that is in effect following the spin-off of PMI.

While there is substantial overlap between these companies and the companies in the Altria Peer Group included in Altria's Annual Report, there are some differences. These differences result from the

Table of Contents

fact that the Compensation Survey Group has been designed primarily to include companies with whom we competed for executive talent and whose approach to compensation did not differ greatly from those of U.S.-based multinationals, while the Altria Peer Group was a broader group that included our international business competitors. The companies in the Altria Peer Group in 2007 were Anheuser-Busch Companies, Inc., British American Tobacco plc, Campbell Soup Company, The Coca-Cola Company, ConAgra Foods, Inc., General Mills, Inc., H.J. Heinz Company, The Hershey Company, Kellogg Company, Nestlé S.A., PepsiCo, Inc., The Procter & Gamble Company, Reynolds American Inc., Sara Lee Corporation, Unilever N.V. and UST Inc.

Role of Consultants

As part of the Compensation Committee's review of the compensation of executive officers, we engage Hewitt Associates to conduct a survey of the companies within the Compensation Survey Group. This survey, called the Total Compensation Measurement Study, collects both compensation and benefits data and summarizes competitive practices. The data is reviewed by the Compensation Committee to help it assess competitive levels of pay and competitive mix of pay elements. In addition, we engage Towers Perrin to provide competitive compensation and benefit information, primarily from public filings, including annual proxy filings, by companies within the Compensation Survey Group. This data, which focuses on chief executive officer pay, is also reviewed by the Compensation Committee.

Neither Hewitt Associates nor Towers Perrin makes any recommendations with respect to the decisions to be made by the Compensation Committee nor do they attend the Compensation Committee meetings.

Stock Ownership Guidelines and Restriction on Hedging

We have established stock ownership guidelines under which executives are expected to hold common stock in an amount equal to a multiple of their base salary as determined by their position. These guidelines are expressed as a number of shares and a dollar value. Executives' multiples can be satisfied by meeting the lesser of the required number of shares or dollar value. The guidelines were based on the applicable multiple of the salary in effect as of the beginning of the year in which the executive became subject to the guidelines and are set at 12 times base salary for the Chief Executive Officer and at 6, 5 and 4 times base salary for salary bands B, C and D executives, respectively. The required number of shares were based on the multiple times salary divided by the value of shares as of that date, and satisfying the required dollar amount is based on the current value of stock owned. For the purpose of these guidelines, stock ownership includes shares over which the executive has direct or indirect ownership or control, including restricted and deferred stock, but does not include unexercised stock options. Executives have been expected to meet their ownership guidelines within five years of becoming subject to the guidelines. As of December 31, 2007, all of our named executive officers had satisfied their ownership guidelines. Our executive officers are not permitted to engage in hedging activities with respect to our stock.

Policy with Respect to Qualifying Compensation for Deductibility

Our ability to deduct compensation paid to individual officers who are covered by Section 162(m) of the Internal Revenue Code is generally limited to \$1.0 million annually. However, this limitation does not apply to performance-based compensation, provided certain conditions are satisfied. The annual and long-term performance incentives and the deferred stock that the Compensation Committee awarded to our covered officers in 2007 were subject to, and made in accordance with, performance-based compensation arrangements previously implemented by us. See Compensation and Benefits Changes for 2008 below for the

maximum amounts that can be paid to officers covered by the compensation formula under our plans in 2008.

Table of Contents

Annual Incentives

For those executives whose compensation was subject to the deductibility limitations of Section 162(m), annual incentive awards were contingent upon a compensation formula based on adjusted net earnings that was established by the Compensation Committee at the beginning of the year. Under the formula used to establish the award pool, the maximum amount that could be paid to officers covered by the compensation formula as a group was 0.25% of adjusted net earnings. The maximum award for Mr. Camilleri, as our Chief Executive Officer, was equal to one-third of this pool, and the maximum amount that could be paid for each of the remaining officers covered by the compensation formula was equal to one-sixth of the pool. In addition, individual award amounts were limited to the stockholder-approved maximum of \$10 million as provided in the 2005 Performance Incentive Plan. These limits established the maximum annual incentive awards that could be paid; the Compensation Committee retained complete discretion to pay any lesser amounts. All annual incentive awards presented in the Summary Compensation Table and related tables were below these limits. Actual awards to officers covered by the compensation formula were based on the Compensation Committee's assessment of individual, overall corporate performance, as well as the performance of our businesses, utilizing the negative discretion permitted by Section 162(m).

Long-Term Performance Incentives

Maximum long-term performance incentive awards payable to the officers covered by Section 162(m) were limited by a formula similar to that previously described for annual incentive awards, based on the achievement of cumulative adjusted net earnings during the period as well as by the limits described in the 2005 Performance Incentive Plan approved by stockholders. Under the formula, maximum award amounts that could be paid to the officers covered by the compensation formula as a group were 0.25% of the three-year cumulative adjusted net earnings. The maximum award for Mr. Camilleri, as our Chief Executive Officer, was equal to one-third of this pool, and the maximum amount that could be paid for each of the remaining officers covered by the compensation formula was equal to one-sixth of the pool. In addition, individual awards for the three-year period were limited to the stockholder-approved maximum of \$8 million per year as provided in the 2005 Performance Incentive Plan. These limits establish the maximum long-term incentive awards that could be paid; the Compensation Committee retained complete discretion to pay any lesser amounts. We based actual awards paid to our officers on the Compensation Committee's assessment of overall corporate performance, utilizing the negative discretion permitted by Section 162(m).

Annual Equity Awards

Coincident with the adoption of Financial Accounting Standards No. 123(R) Share-Based Payments, or FAS 123R, the Compensation Committee approved the use of a performance pool from which restricted or deferred stock awards may be granted, in amounts up to individually specified proportions of the pool, to those executives whose compensation is subject to the deductibility limitations of Section 162(m). Pursuant to this approval, 2007 and 2008 equity award grants were contingent upon formulas based on adjusted net earnings established by the Compensation Committee at the beginning of 2006 and 2007. The specific limits, as in effect for those years, are as follows:

Each year, a maximum grant value was established based on a performance pool equal to 0.50 percent of adjusted net earnings. This formula was approved by the Compensation Committee at the beginning of the year prior to the year in which the equity award was made; for example, the formula was approved in January 2007 for the equity awards that were granted in January 2008.

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At the conclusion of the performance year, the performance pool was calculated and divided among the officers covered by the compensation formula. As an example, for adjusted net earnings of \$9.6 billion, the above formula would yield total potential awards of \$48 million. Our Chairman

Table of Contents

and Chief Executive Officer's maximum award would be equal to one-third (or \$16 million) of the pool and the remaining officers covered by the compensation formula would each be eligible for a maximum award equal to one-sixth (or \$8 million) of the pool. Each award is subject to the lesser of the results of this calculation or the maximum share award (1.0 million shares) as provided under the 2005 Performance Incentive Plan approved by stockholders.

These limits established the maximum awards that could be granted; the Compensation Committee has retained complete discretion to pay any lesser amounts. The awards made to our named executive officers for the periods covered in the Summary Compensation Table and related tables were well within these limits. Awards have been granted out of the share pool and accounted for as fixed awards over the restriction period.

We have taken appropriate actions, to the extent feasible, to preserve the deductibility of annual and long-term incentives and equity awards. However, notwithstanding this general policy, the Compensation Committee has authorized, and continues to retain the discretion to authorize, other payments that may not be deductible, if it believes that they are in both our best interests and those of our stockholders. Such determinations include, for example, payment of base salaries to some officers that exceed \$1.0 million, with the result that a portion of such officers' base salaries exceed the deductibility limit. In addition, our covered officers compensation has exceeded the \$1.0 million deductibility limit because of other elements of their annual compensation, such as vesting of restricted or deferred stock granted before 2007 and dividends or dividend equivalents paid on certain restricted or deferred stock, payments related to the funding of retirement benefits or Target Payments (as defined below) made in lieu of coverage under retirement plans, tax reimbursements, income resulting from payments made pursuant to plans that do not discriminate in favor of executive officers, and perquisites.

Policy Regarding the Adjustment or Recovery of Compensation

We have adopted a policy providing for the adjustment or recovery of compensation in certain circumstances. If the Board of Directors or an appropriate Committee of the Board determines that, as a result of a restatement of our financial statements, an executive has received more compensation than would have been paid absent the incorrect financial statements, the Board or its Committee, in its discretion, shall take such action as it deems necessary or appropriate to address the events that gave rise to the restatement and to prevent its recurrence. Such action may include, to the extent permitted by applicable law, in appropriate cases, requiring partial or full reimbursement of any bonus or other incentive compensation paid to the executive, causing the partial or full cancellation of restricted stock or deferred stock awards and outstanding stock options, adjusting the future compensation of such executive, and dismissing or taking legal action against the executive, in each case as the Board or its Committee determines to be in the best interests of us and our stockholders. The Board has designated the Compensation Committee to implement this policy.

Treatment of Compensation and Benefit Programs At Completion of the Spin-Off of PMI

At completion of the spin-off of PMI, we entered into an Employee Matters Agreement with PMI addressing a number of compensation and benefits matters relating to our and PMI's employees. In general, prior to the spin-off, PMI's U.S.-based employees participated in our retirement, health and welfare, and other employee benefit plans. Employees in other jurisdictions were covered by plans that PMI maintained either independently or jointly with us. Following the spin-off, PMI's U.S.-based employees generally participate in similar plans and arrangements that PMI has established and will maintain. Generally, liabilities for benefits under our retirement plans in which PMI employees participated were assumed by PMI, to the extent such benefits were not already liabilities of PMI. Effective as of the date of the spin-off, we and PMI each retain responsibility for our respective employees and compensation plans. In addition, pursuant to the Employee Matters Agreement, we

Table of Contents

and PMI generally protect employees transferring between us and PMI before the end of 2008 from any adverse economic impact of such transfer on their benefits.

Following the spin-off, the holder of each outstanding option to purchase our stock received the following stock options with an aggregate intrinsic value (the difference between the exercise price of the options and the fair market value of the underlying stock) equal to the intrinsic value of the stock option immediately prior to the spin-off:

a new PMI stock option (issued by PMI) to acquire a number of shares of PMI common stock; and

an adjusted Altria stock option (issued by us) for the same number of shares of Altria common stock at a reduced exercise price.

Holders of our restricted or deferred stock awarded prior to January 30, 2008 retained their existing awards and received an equal amount of PMI restricted or deferred stock. The PMI restricted or deferred stock received in the spin-off is subject to the same forfeiture conditions and terms and conditions as the underlying Altria restricted or deferred stock. Recipients of our deferred stock awarded on January 30, 2008, who continue to be employed by us after the spin-off, received additional shares of our deferred stock to preserve the value of their award. Recipients of our deferred stock awarded on January 30, 2008, who were employed by PMI after the spin-off, received substitute shares of PMI deferred stock to preserve the value of their award.

We and PMI cross-reimbursed each other following the PMI spin-off for the fair value of options issued to employees of the other party, for the expected value of deferred stock granted to employees of the other party, and for certain other anticipated costs related to equity compensation as well as retirement plans and payments in lieu of retirement plan coverage. Fair value with regard to stock options was determined using Black-Scholes calculations.

Treatment of Compensation and Benefit Programs At Completion of the Spin-Off of Kraft

At the completion of the spin-off of Kraft, we and Kraft entered into an Employee Matters Agreement, pursuant to which, each retained responsibility for our respective employees and compensation plans.

As of the date of the spin-off, the holder of each outstanding option to purchase our stock received the following stock options with an aggregate intrinsic value (the difference between the exercise price of the options and the fair market value of the underlying stock) equal to the intrinsic value of the original stock option:

a new Kraft stock option (issued by Kraft under its plan) to acquire a number of shares of Kraft Class A common stock based on the spin-off ratio; and

an adjusted Altria stock option (issued by Altria) for the same number of shares of Altria common stock at a reduced exercise price.

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The exercise price for the new Kraft option and the adjusted Altria option was determined based on the closing market prices of Altria and Kraft on the Kraft Distribution Date. We and Kraft cross-reimbursed each other following the spin-off for the fair value of options issued to employees of the other party. Fair value was determined using Black-Scholes calculations.

Altria employees who held our restricted or deferred stock awarded prior to January 31, 2007 received restricted or deferred shares of Kraft Class A common stock in accordance with the spin-off ratio. The Kraft shares distributed were subject to the same terms and restrictions as the underlying Altria restricted or deferred stock. Any such Kraft shares that were subsequently forfeited by holders of restricted stock were returned to Kraft. Accordingly, shortly after the spin-off, Kraft made a one-time payment to us based on the present rate of anticipated forfeitures. As with stock options, we and Kraft cross-reimbursed each other for the estimated value of deferred stock and certain other securities

Table of Contents

issued or to be issued to employees of the other party. Each holder of deferred stock awarded on January 31, 2007 received additional shares of Altria deferred stock based on the ratio of the pre-adjustment fair market value of Altria stock to the post-adjustment fair market value of Altria stock on the Kraft Distribution Date. Any Kraft employees who held Altria deferred stock awarded on January 31, 2007 received deferred shares of Kraft Class A common stock in accordance with the spin-off ratio.

Our New Compensation Survey Group

In connection with the spin-off of PMI and the resulting decrease in the size and scope of our business, a review was conducted with the assistance of Hewitt Associates and Towers Perrin to determine an appropriate Compensation Survey Group for us. The review focused on companies that compete with us for talent and:

are direct competitors; or

have similar market capitalization; or

are primarily focused on consumer products (excluding high technology and financial services); and

have business generally focused within the U.S.

Using these characteristics as our guide, the Compensation Committee has selected the following 19 companies as our new Compensation Survey Group following the spin-off:

3M Company, Abbott Laboratories, Anheuser-Busch Companies, Inc., Bristol-Myers Squibb Company, Colgate-Palmolive Company, ConAgra Foods, Inc., Eli Lilly and Company, Fortune Brands, Inc., General Mills, Inc., The Hershey Company, Kellogg Company, Kimberley-Clark Corporation, Kraft Foods Inc., Loews Corporation, McDonald's Corporation, Merck & Co., Inc., Reynolds American Inc., Sara Lee Corporation and UST Inc.

This survey group is comprised of companies that are based in the U.S. and, as a group, have median revenue that is 30% smaller than our previous Compensation Survey Group. As a result, we expect that the data we use to review our programs better reflects our size and scope after the spin-off of PMI.

Compensation and Benefit Changes for 2008

Taking into account our compensation objectives described above, our performance metrics and our new Compensation Survey Group, we have established the following salary ranges for 2008 for our band B through D executives which are lower than the 2007 salary ranges (we no longer have any Swiss-based executives following the spin-off of PMI):

Salary Band ⁽¹⁾	2008 Annual Base Salary Ranges		
	Minimum	Midpoint	Maximum
B	\$ 480,000	\$ 790,000	\$ 1,100,000
C	325,000	532,500	740,000
D	250,000	407,500	565,000

(1) A new salary range has not been established for salary band A.

Annual incentive, equity and long-term incentive target award ranges have not been modified for 2008. The LTIP will continue to include TSR performance versus the Compensation Survey Group, Altria Peer Group and the S&P 500 as a key measure. However, the measures will be expanded to include diluted EPS relative to the Compensation Survey Group, Altria Peer Group and the S&P 500 and multi-year strategic objectives that we believe will contribute to TSR. This change in measures will ensure that the compensation of our senior executives is fully aligned with our most critical business objectives.

Table of Contents

The resulting design mix of pay of compensation and benefits relative to the Compensation Survey Group for salary bands B through D is as follows:

Altria 2008 Design Mix of Compensation and Benefits versus the Compensation Survey Group

	Base Salary	Annual Incentives	Long-Term Incentives		Benefits ⁽¹⁾	Perquisites
			Incentive Cash Awards	Equity Awards		
Salary Band B						
Altria	19%	17%	25%	31%	8%	<1%
Compensation Survey Group ⁽²⁾	21%	26%	12%	31%	9%	1%
Salary Band C						
Altria	21%	17%	17%	31%	13%	1%
Compensation Survey Group ⁽²⁾	34%	21%	10%	23%	11%	1%
Salary Band D						
Altria	26%	16%	12%	29%	15%	2%
Compensation Survey Group ⁽²⁾	34%	21%	8%	22%	13%	2%

(1) The benefit percentages represent the average annual value of retirement, healthcare, disability and death benefits and are based on the methodology employed by Hewitt Associates in its Total Compensation Measurement Study. The actual value for any given year will vary based on, among other things, each employee's age and years of covered service. These benefit percentages are not intended to represent the total value of benefits earned over a career and payable upon retirement.

(2) 75th percentile of the Compensation Survey Group as provided by Hewitt Associates.

To maximize alignment with the interests of stockholders, we generally provide a greater percentage of total compensation in the form of long-term incentive compensation than do the new Compensation Survey Group companies, as follows: salary band B, 56% versus 43%; salary band C, 48% versus 33% and salary band D, 41% versus 30%.

The Compensation Committee has not established a target equity award for Mr. Szymanczyk; consequently no design mix is shown for salary band A.

In addition, the compensation formula established by the Compensation Committee to determine the award pool used to establish the maximum amount that could be paid to officers under Section 162(m) has been modified as a result of the spin-off and the resulting reduction in adjusted net earnings for 2008. The percentages of adjusted net earnings used for the annual incentive, long-term incentive and annual equity award programs have been increased to 0.7%, 0.5% and 1.0% of adjusted net earnings, respectively. Otherwise, the formula is unchanged.

Finally, the Compensation Committee has limited retirement benefits for Mr. Szymanczyk beginning in 2008. The present value of Mr. Szymanczyk's pension, calculated as if he had continued to participate in the Benefit Equalization Plan, or BEP, and the

Supplemental Management Employee's Retirement Plan, or SERP, cannot exceed \$30,000,000.

Table of Contents**Summary Compensation Table**

The following table sets forth information concerning the cash and non-cash compensation awarded to our named executive officers for 2007 and 2006. The compensation of Mr. Calantzopoulos is not shown as of December 31, 2006 because he was not a named executive officer for that year.

Summary Compensation Table

Name and Principal Position	Year	Salary ⁽¹⁾	Stock Awards ⁽²⁾	Option Awards ⁽²⁾	Non-Equity Incentive Plans		Change in Pension Value ⁽⁴⁾	All Other Compensation ⁽⁵⁾	Total Compensation
					Annual Incentive Plan	Long-Term Incentive Plan ⁽³⁾			
Louis C. Camilleri,	2007	\$ 1,750,000	\$ 10,226,119	\$	\$ 4,750,000	\$ 5,031,250	\$ 1,818,775	\$ 469,165	\$ 24,045,309
Chairman of the Board and Chief Executive Officer, Altria Group, Inc.	2006	1,750,000	9,291,095		4,500,000	15,000,000	3,041,262	409,987	33,992,344
André Calantzopoulos,	2007	1,035,867	2,064,864		1,354,810	2,554,150	0	30,026	7,039,717
President and Chief Executive Officer, Philip Morris International, Inc.									
Dinyar S. Devitre,	2007	858,000	1,957,192		1,200,000	2,070,000	1,603,215	262,403	7,950,810
Senior Vice President and Chief Financial Officer, Altria Group, Inc.	2006	769,615	1,840,962		1,050,000	5,175,000	2,408,087	150,312	11,393,976
Steven C. Parrish,	2007	993,000	2,148,957	4,899,052	1,250,000	2,300,000	958,679	245,310	12,794,998
Senior Vice President, Corporate Affairs, Altria Group, Inc.	2006	969,615	2,172,958		1,250,000	6,520,000	943,715	191,440	12,047,728
Michael E. Szymanczyk,	2007	1,190,000	2,439,914	976,726	2,150,000	2,760,000	2,272,209	716,367	12,505,216
Chairman and Chief Executive Officer, Philip Morris USA, Inc.	2006	1,152,000	2,404,649	3,672,254	2,000,000	7,675,000	3,597,500	529,478	21,030,881
Charles R. Wall,	2007	1,060,750	2,458,979	446,456	2,100,000	2,484,000	1,332,895	263,260	10,146,340
Senior Vice President and General Counsel, Altria Group, Inc.	2006	1,010,808	2,415,375	2,232,281	2,000,000	7,400,000	1,862,371	196,720	17,117,555

(1) Base salaries earned in Swiss francs are converted to U.S. dollars using the average conversion rate for 2007 of \$1.00 = 1.1987 CHF. Annual and long-term incentive awards are converted to U.S. dollars using the exchange rate on December 31, 2007 of \$1.00 = 1.1256 CHF. Included in base salary for Mr. Calantzopoulos is a compulsory, annual, service-based payment (maximum CHF 3,000). The Compensation Committee did not increase Mr. Szymanczyk's base salary following the spin-off of PMI.

(2)

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The amounts shown in these columns represent the annual expense associated with all unvested restricted and deferred stock and stock option awards based on the FAS 123R valuation methodology used in the preparation of Altria audited financial statements, with the exception that the valuation shown in the Summary Compensation Table assumes no forfeitures. See our 2007 Annual Report, Note 2 Summary of Significant Accounting Policies Stock Based Compensation for a description of this methodology. The number of shares awarded and securities underlying options grants received in 2007 together with their grant date values are disclosed in the Grants of Plan-Based Awards During 2007 Table below.

Table of Contents

- (3) For 2007, reflects amounts paid upon termination of the 2007-2009 performance cycle of the LTIP on December 31, 2007 as a result of the spin-off of PMI. See 2007 Executive Compensation Decisions Long-Term Performance Incentive Awards above.

- (4) Reflects the change in the present value of benefits under defined benefit plans listed in the Pension Benefits table plus the Target Payments, also reported in that table, made in lieu of accruals under nonqualified defined benefit plans for service during the applicable year. As a result of increases in the discount rates used to value the retirement benefits, the change in value for Mr. Calantzopoulos which appears as \$0 in the table is, in fact, a decrease of \$387,292. As a result of the spin-off of Kraft, the changes in pension value reported for Messrs. Camilleri and Szymanczyk for 2007 no longer include their benefits in plans maintained by Kraft.

- (5) Details of All Other Compensation for each of the named executives appear on the following page.

Table of Contents**All Other Compensation**

	<u>Year</u>	<u>Camilleri</u>	<u>Calantzopoulos</u>	<u>Devitre</u>	<u>Parrish</u>	<u>Szymanczyk</u>	<u>Wall</u>
Target Payments in lieu of Defined Contribution Plan Participation ^(a)	2007	\$ 228,206		\$ 97,819	\$ 126,366	\$ 153,269	\$ 133,938
	2006	\$ 234,134		\$ 84,096	\$ 118,756	\$ 143,787	\$ 125,052
Allocation to Defined Contribution Plans ^(b)	2007	\$ 29,500		\$ 33,750	\$ 29,500	\$ 29,500	\$ 29,500
	2006	\$ 29,000		\$ 33,000	\$ 29,000	\$ 29,000	\$ 29,000
Reimbursement for Taxes on Assets Held for Retirement ^(c)	2007	\$ 64,374		\$ 96,486	\$ 39,460	\$ 164,925	\$ 81,385
	2006	\$ 4,093			\$ 2,687		\$ 7,457
Personal Use of Company Aircraft ^(d)	2007	\$ 94,339				\$ 359,579	
	2006	\$ 103,521				\$ 317,964	
Car Expenses ^(e)	2007	\$ 22,825	\$ 22,929	\$ 24,348	\$ 33,236		\$ 10,757
	2006	\$ 33,778		\$ 23,216	\$ 28,089	\$ 28,727	\$ 26,013
Financial Counseling Services	2007		\$ 7,097	\$ 10,000	\$ 10,000		\$ 7,680
	2006			\$ 10,000	\$ 10,000	\$ 10,000	\$ 9,198
Security ^(f)	2007	\$ 29,921			\$ 6,748	\$ 9,094	
	2006	\$ 5,461			\$ 2,908		
TOTALS	2007	\$ 469,165	\$ 30,026	\$ 262,403	\$ 245,310	\$ 716,367	\$ 263,260
	2006	\$ 409,987		\$ 150,312	\$ 191,440	\$ 529,478	\$ 196,720

(a) The amounts shown are Target Payment amounts paid in early 2008 and 2007 in lieu of continued participation during 2007 and 2006, respectively, in our supplemental defined contribution plans.

(b) The amounts shown are for allocations to tax-qualified defined contribution plans.

(c) The amounts shown are reimbursements during 2007 and 2006 for taxes on a portion of prior year earnings on assets held in trusts of individual officers. These assets and payments offset amounts otherwise payable by us or our operating subsidiaries, for vested pre-2005 benefits under supplemental retirement plans and are not intended to increase total promised benefits.

(d) For reasons of security and personal safety, we require Messrs. Camilleri and Szymanczyk to use company aircraft for all travel. The amounts shown are the incremental cost of personal use of company aircraft and include the cost of trip-related crew hotels and meals, in-flight food and beverages, landing and ground handling fees, hourly maintenance contract costs, hangar or aircraft parking costs, fuel costs based on the average annual cost of fuel per hour flown, and other smaller variable costs. Fixed costs that would be incurred in any event to operate company aircraft (e.g., aircraft purchase costs, depreciation, maintenance not related to personal trips, and flight crew salaries) are not included. Executives are responsible for their own taxes on the imputed taxable income resulting from personal use of the company aircraft.

Table of Contents

- (e) Amounts shown for Mr. Camilleri include the incremental cost of personal use of a driver that we provided for reasons of security and personal safety. With respect to Messrs. Devitre, Parrish and Wall, amounts include the annual cost of providing a leased vehicle and operating expenses, including insurance, maintenance and repairs. With respect to Mr. Calantzopoulos, amounts include the cost, amortized over a 5-year period, of a vehicle, including insurance, maintenance and repairs and taxes. Executives are responsible for their own taxes on the imputed taxable income resulting from personal use of company car and car expenses.

- (f) Includes the costs associated with company-provided home security systems. A new system was installed in Mr. Camilleri's residence in 2007.

Table of Contents**Grants of Plan-Based Awards during 2007**

Name and Principal Position	Grant Date	Estimated Possible Payouts Under Non-Equity Annual Incentive Plan ⁽¹⁾			Estimated Possible Payouts Under Non-Equity Long-Term Incentive Plan ⁽¹⁾			All Other Stock Awards: Number of Shares of Stock or Units (#) ⁽²⁾	Grant Date Fair Value of Stock Awards (\$)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (\$)	Target (\$)	Maximum (\$)		
Louis C. Camilleri, Chairman of the Board and Chief Executive Officer, Altria Group, Inc.	2007 1/31/2007		2,625,000	10,000,000		4,375,000	8,000,000	114,470	10,000,099
André Calantzopoulos, President and Chief Executive Officer, Philip Morris International, Inc.	2007 1/31/2007		999,514	10,000,000		2,221,142	8,000,000	24,040	2,100,134
Dinyar S. Devitre, Senior Vice President and Chief Financial Officer, Altria Group, Inc.	2007 1/31/2007		810,000	10,000,000		1,800,000	8,000,000	24,040	2,100,134
Steven C. Parrish, Senior Vice President, Corporate Affairs, Altria Group, Inc.	2007 1/31/2007		900,000	10,000,000		2,000,000	8,000,000	22,900	2,000,544
Michael E. Szymanczyk, Chairman and Chief Executive Officer, Philip Morris USA Inc.	2007 1/31/2007		1,080,000	10,000,000		2,400,000	8,000,000	25,190	2,200,598
Charles R. Wall, Senior Vice President and General Counsel, Altria Group, Inc.	2007 1/31/2007		972,000	10,000,000		2,160,000	8,000,000	25,190	2,200,598

(1) The numbers in these columns represent the range of potential awards as of the time of the grant. Actual awards payable under these plans for 2007 are found in the Annual Incentive Plan and Long-Term Incentive Plan columns of the Summary Compensation Table. See the above discussion of annual and long-term incentive plan awards generally and annual and long-term incentive awards made for 2007. The 2007-2009 LTIP performance cycle commenced on January 1, 2007 and, as discussed above, concluded on December 31, 2007.

(2) These Altria deferred stock awards vest on February 12, 2010. Dividend equivalents are payable on a quarterly basis throughout the restriction period. The grant date fair value was determined by using the average of the high and the low trading prices of our stock on the grant date. On January 31, 2007, the average of the high and low trading prices of our stock was \$87.36. The grant date closing market price of our stock on that day was \$87.39. In addition, on January 30, 2008, each of our named executives received Altria deferred stock awards, with a value at such date as follows: Mr. Camilleri, 330,280 shares, \$25,352,293; Mr. Calantzopoulos, 27,360 shares, \$2,100,154; Mr. Szymanczyk, 28,670 shares, \$2,200,709; and Mr. Wall, 27,360 shares, \$2,100,154. Mr. Devitre and Mr. Parrish did not receive a stock award as they retired in connection with the spin-off of PMI. See Treatment of Compensation and Benefit Programs At Completion of the Spin-Off of PMI and Treatment of Compensation and Benefit Programs At Completion of the Spin-Off of Kraft for how each named executive officer's deferred stock award has been adjusted to reflect the spin-off of PMI and Kraft, respectively.

Table of Contents**Outstanding Equity Awards (Altria) as of December 31, 2007**

Name and Principal Position	Option Awards			Stock Awards		
	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Exercise Price (\$)	Option Expiration Date	Stock Award Grant Date	Number of Shares or Units of Stock That Have Not Vested (#) ^{(1) (2) (3)}	Market Value of Shares or Units Of Stock That Have Not Vested (\$) ⁽⁴⁾
Louis C. Camilleri, Chairman of the Board and Chief Executive Officer, Altria Group, Inc.	171,100	29.809	6/23/2008	1/31/2007	152,527	11,527,991
	387,500	30.020	6/29/2009	1/25/2006	135,000	10,203,300
	200,000	16.018	1/26/2010	1/26/2005	125,000	9,447,500
	253,530	33.303	1/31/2011	1/29/2003	175,000	13,226,500
	229,410	36.804	6/12/2011	6/23/1998	61,900	4,678,402
	300,000	39.498	2/27/2012			
	300,000	48.782	2/27/2012			
André Calantzopoulos, President and Chief Executive Officer, Philip Morris International Inc.	11,018	39.172	6/23/2008	1/31/2007	32,032	2,420,979
	5,169	39.172	6/29/2009	1/25/2006	28,300	2,138,914
	26,383	43.525	1/31/2011	1/26/2005	32,270	2,438,967
	20,756	49.810	6/12/2011			
Dinyar S. Devitre, Senior Vice President and Chief Financial Officer, Altria Group, Inc.				1/31/2007	32,032	2,420,979
				1/25/2006	26,960	2,037,637
				1/26/2005	29,040	2,194,843
Steven C. Parrish, Senior Vice President, Corporate Affairs, Altria Group, Inc.	96,973	56.821	6/23/2008	1/31/2007	30,513	2,306,173
	77,220	65.180	6/29/2009	1/25/2006	25,610	1,935,604
	139,796	56.821	6/29/2009	1/26/2005	29,040	2,194,843
	12,117	34.609	1/26/2010	6/23/1998	61,900	4,678,402
	164,909	49.964	1/26/2010			
	32,426	56.821	1/26/2010			
	134,820	65.180	1/31/2011			
	114,374	65.180	6/12/2011			
Michael E. Szymanczyk, Chairman and Chief Executive Officer, Philip Morris USA Inc.	80,671	41.067	6/23/2008	1/31/2007	33,564	2,536,767
	39,452	36.860	6/29/2009	1/25/2006	29,650	2,240,947
	127,543	49.045	6/29/2009	1/26/2005	35,500	2,683,090
	68,337	55.743	6/29/2009	6/23/1998	61,000	4,610,380
	6,757	38.875	1/26/2010			
	23,982	35.772	1/26/2010			
	42,930	40.984	1/26/2010			
	38,373	55.743	1/31/2011			
	138,166	53.300	1/31/2011			
	54,837	53.300	6/12/2011			
	40,844	60.748	6/12/2011			
49,022	63.837	6/12/2011				
Charles R. Wall, Senior Vice President and General Counsel, Altria Group, Inc.	131,600	29.809	6/23/2008	1/31/2007	33,564	2,536,767
	300,000	30.020	6/29/2009	1/25/2006	29,650	2,240,947
	22,939	16.018	1/26/2010	1/26/2005	35,500	2,683,090
	19,997	34.181	1/26/2010	6/23/1998	65,800	4,973,164
	175,663	60.748	1/26/2010			
	185,920	33.303	1/31/2011			
	151,420	36.804	6/12/2011			

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(1) These awards vest according to the following schedule:

Grant Date

1/31/07
1/25/06
1/26/05
1/29/03
6/23/98

Vesting Schedule

100% of award vests on 2/12/10.
100% of award vests on 2/11/09.
100% of award vested on 2/4/08.
100% of award vests on 2/3/11.
100% of award vests on 6/23/08.

Table of Contents

- (2) Unlike deferred stock awards granted prior to 2007, deferred stock awards granted on January 31, 2007 to Altria employees were not split into both Altria and Kraft awards. Instead, the number of Altria deferred shares awarded was increased to preserve the intrinsic value of the award as follows: Mr. Camilleri's award increased from 114,470 shares to 152,527 shares; Messrs. Calantzopoulos and Devitre's awards increased from 24,040 shares to 32,032 shares; Mr. Parrish's award increased from 22,900 shares to 30,513 shares and Messrs. Szymanczyk and Wall's awards increased from 25,190 shares to 33,564 shares. See Treatment of Compensation and Benefit Programs At Completion of the Spin-Off of Kraft for how options and stock awards have been adjusted to reflect the spin-off of Kraft.
- (3) Dividends and dividend equivalents paid in 2007 on outstanding Altria restricted and deferred stock awards for each of our named executive officers were as follows: Mr. Camilleri, \$2,028,553; Mr. Calantzopoulos, \$289,712; Mr. Devitre, \$270,919; Mr. Parrish, \$464,525; Mr. Szymanczyk, \$501,224; and Mr. Wall, \$516,392.
- (4) Based on closing market price of Altria on 12/31/07 of \$75.58.

Table of Contents**Outstanding Equity Awards (Kraft) as of December 31, 2007**

(Altria equity awards granted before 2007 were split into Altria and Kraft Equity awards on the 2007 spin-off of Kraft by Altria)

Name and Principal Position	Option Awards			Stock Awards		
	Number of Securities Underlying Unexercised Options (#) Exercisable	Option Exercise Price (\$)	Option Expiration Date	Stock Award Grant Date	Number of Shares or Units of Stock That Have Not Vested (#) ⁽¹⁾⁽²⁾	Market Value of Shares or Units of Stock That Have Not Vested (\$) ⁽³⁾
Louis C. Camilleri, Chairman of the Board and Chief Executive Officer Altria Group, Inc.	118,405	14.321	6/23/2008	1/25/2006	93,423	3,048,392
	268,158	14.422	6/29/2009	1/26/2005	86,503	2,822,593
	138,404	7.696	1/26/2010	1/29/2003	121,104	3,951,624
	175,448	16.000	1/31/2011	6/23/1998	42,836	1,397,739
	158,757	17.681	6/12/2011			
	207,606	18.976	2/27/2012			
	207,606	23.436	2/27/2012			
André Calantzopoulos, President and Chief Executive Officer, Philip Morris International Inc.	7,624	18.819	6/23/2008	1/25/2006	19,584	639,026
	3,577	18.819	6/29/2009	1/26/2005	22,331	728,661
	18,257	20.910	1/31/2011			
	4,940 ⁽⁴⁾	31.000	6/12/2011			
	14,363	23.930	6/12/2011			
Dinyar S. Devitre, Senior Vice President and Chief Financial Officer, Altria Group, Inc.				1/25/2006	18,656	608,745
				1/26/2005	20,096	655,732
Steven C. Parrish, Senior Vice President, Corporate Affairs, Altria Group, Inc.	96,741	27.298	6/29/2009	1/25/2006	17,722	578,269
	53,435	31.314	6/29/2009	1/26/2005	20,096	655,732
	22,439	27.298	1/26/2010	6/23/1998	42,836	1,397,739
	114,120	24.004	1/26/2010			

8,